

## Financial Management Overview for State Coalitions

Whether your state coalition has considerable assets or practically none at all, it is very important to stay on top of your organization's financial management.

### Duties

For most Jump\$Start state coalitions, your Bylaws assign financial management responsibilities to the **Treasurer**. These duties may be shared with an assistant treasurer, if you have one. In state coalitions with administrative staff, day by day finances are more likely handled by that **administrator**, with the Treasurer providing oversight. Your coalition can make the assignments – what's most important is that the duties are prudent and clear.

One of the **Board's** most important responsibilities is fiduciary responsibility for the state coalition's assets. The three fundamental fiduciary responsibilities are: duty of care (to be thoughtful, engaged, informed, etc.); duty of loyalty (acting in the organization's best interest and not using the Board role for personal benefit); and duty of obedience (following state and federal regulations, the organization's own bylaws, etc.). It's important to remember that not being aware of your fiduciary role will generally not relieve a Board member of the responsibility. [Resource: Board Effect](#).

### Financial Policies and Procedures

[Propel Nonprofits](#) suggests five essentials for financial procedures: The purpose of the financial policy is to describe and document how the Board wants financial management activities to be carried out. In order to accomplish this, every financial policy needs to address five areas:

1. Assignment of authority for necessary and regular financial actions and decisions, which may include delegation of some authority to staff leaders.
2. Policy statement on conflicts of interest or insider transactions.
3. Clear authority to spend funds, including approval, check signing, and payroll.
4. Clear assignment of authority to enter into contracts.
5. Clear responsibility for maintaining accurate financial records.

See, also, [Propel's 12 Golden Rules of Nonprofit Finance](#).

The [National Council of Nonprofits](#) suggests, among others, the following policies and procedures:

- Conflict of Interest Policy
- Gift Acceptance Policy
- Reimbursement Policy
- Accounting Procedures
- Internal Controls
- Financial Planning and Reporting, including: Budgets, Financial Reports, an Audit, and Tax Compliance.

Consider an Investment policy if your state coalition has considerable assets and a compensation policy if your coalition has employees.

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This outline is intended as general guidance, to help get you started and stay on track; but does not constitute specific or comprehensive financial advice. Many state coalitions have volunteers who can provide additional guidance or help identify the professional services you might need. Before we promote sound *personal* financial management practices, it's important that we employ sound *business* financial management in our own organizations.