

	<h2>Policies and Procedures</h2>	
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1. POLICY OVERVIEW

- 1.1. Sections two (2) and three (3) give general information applicable to the entire policy.
- 1.2. Section four (4) through eleven (11) direct various aspects of Utah Swimming financial matters. *See Table of Contents for more detail.*
- 1.3. Section twelve (12) addresses insurance related items.
- 1.4. Section thirteen (13) lists documents and forms applicable to this policy.
- 1.5. Sections fourteen (14) and fifteen (15) outline administrative procedures and responsibility for ongoing policy implementation and dissemination.
- 1.6. A separate document, #430a Table of Fees and Fines, is also part of this policy. It lists the fees and fines charged by Utah Swimming.

2. PURPOSE OF POLICY

- 2.1. Utah Swimming is dedicated to ensuring that all financial operations are conducted under the highest standards of integrity and ethics and in compliance with strict internal controls to

safeguard the organization's assets and provide a strong financial foundation. This policy is designed to help ensure this happens.

3. DEFINITIONS

- 3.1. **Appendix:** Supplementary material located at the end of some Utah Swimming Policies and/or Procedure documents. Appendix material is not mandated policy and therefore does not require board approval to change.
- 3.2. **Affiliation Agreement(s):** Contractual agreement(s) between Utah Swimming and USA Swimming. Each has obligations to the other because of the agreement.
- 3.3. **Board-Designated Operating Reserve:** Amounts reported in the Unrestricted Net Assets section of the balance sheet and identified as Board-Designated Operating Reserve.
- 3.4. **Board Member:** A member of the Utah Swimming Board of Directors, including the At-Large Board Members.
- 3.5. **Board of Directors:** The Board of Directors of UTSI.
- 3.6. **Bylaws:** The bylaws as adopted and amended from time to time by, and in effect for, UTSI.
- 3.7. **Costs of Operating and Maintaining the Organization:** Utah Swimming's net expenses for Program Services and Administration as reflected by the approved annual budget.
- 3.8. **Funded Board-Designated Operating Reserve:** A fund consisting of liquid assets and investments. Liquid assets are those that may be converted to cash quickly and easily. It is not required that Board-Designated Operating Reserve be physically segregated in a separate bank or investment account although Utah Swimming may decide to do so.
- 3.9. **Independent Contractor:** Any person whom Utah Swimming compensates directly and who performs services for the organization.
- 3.10. **LEAP:** A USA Swimming program designed to assist LSCs in becoming more efficient and effective. LEAP stands for *LSC Evaluation and Achievement Program*.
- 3.11. **LSC:** Local Swim Committee, the regional governing body for USA Swimming. The LSC for the state of Utah is Utah Swimming.
- 3.12. **Policies and Procedures:** The principles, rules, and guidelines of UTSI, as amended and adopted by the Board of Directors or the House of Delegates.
- 3.13. **Sanction:** Official permission, or approval to host a meet. Times from meets sanctioned by USA Swimming are recognized by the organization. Rules and regulations regarding sanctioning are in the current USA Swimming rulebook. Sanctions for USA Swimming meets held in the state are granted by Utah Swimming.
- 3.14. **Safe Sport Recognized Program (SSRP):** USA Swimming Safe Sport Club Recognition program that allows a USA Swimming member club to demonstrate its commitment to creating a healthy and positive environment free from abuse for all its members through the development and implementation of club governance measures, Safe Sport policies and reporting mechanisms, Safe Sport best practices and training to athletes and parents.
- 3.15. **USA Swimming:** USA Swimming, Inc., a Colorado nonprofit corporation which is the national governing body for the United States for the sport of swimming.
- 3.16. **UTSI:** Utah Swimming, Inc. A Utah not-for-profit corporation.

4. FISCAL YEAR AND BASIS

- 4.1. Utah Swimming operates on a calendar year and all financial records are maintained on an accrual basis.

5. REPORTING AND FILING REQUIREMENTS

5.1. The Role of the Finance Chair

- 5.1.1. The Finance Chair ensures that UTSI complies with legal and other reporting and filing requirements.

5.2. Corporate Requirements

- 5.2.1. Utah Swimming, in accordance with requirements of the law shall meet the reporting and filing requirements. These include but are not limited to filing federal income tax return (Form 990) annually.

5.3. USA Swimming Requirements

- 5.4. Utah Swimming shall meet the reporting and filing requirements of USA Swimming. These include but are not limited to requirements listed in Article 8 (LSC Reporting Requirements) of the USA Swimming Bylaws and any Affiliation Agreement(s).

5.5. External Reports

- 5.5.1. The Treasurer shall prepare unaudited financial statements, monthly, quarterly, and annually, for the Board of Directors. Financial statements are to be prepared in compliance with generally accepted accounting principles on the accrual basis and contain budget to actual amounts and variances. Reports will be e-mailed to the board in PDF format according to the following schedule. Then, published after board approval.

- 5.5.1.1. Monthly Profit/Loss Statement: 72 hours prior to monthly board meeting

- 5.5.1.2. Quarterly statements: 45 days after the end of the quarter

- 5.5.1.3. Annual unaudited statements: 60 days after the end of the year

5.6. Audits and Other Reviews

- 5.6.1. The Finance Chair will ensure that Utah Swimming complies with required audits and other reviews. Regular audits and reviews are required by the UTSI bylaws and USA Swimming.

- 5.6.2. Semi-Annual Audit

- 5.6.2.1. To maintain USA Swimming crime insurance coverage and business success, an audit committee, under the direction of the Finance Chair, needs to review the LSC books at least semi-annually.

6. BUDGET PROCESS AND APPROVAL

6.1. Budget Preparation

- 6.1.1. All expenditures made in the name of the corporation are subject to and governed by the annual operating budget approved by the Executive Committee, Board of Directors, and House of Delegates. An annual budget for capital expenditures is also approved by same.

6.1.2. The initial part of the budget process begins with the Treasurer. According to the following timetable, the Treasurer will request appropriate divisions to prepare revenue projections for the coming year, which are then reviewed with the Finance Chair. The Finance Chair will budget the estimated return on investments and coordinate the budgets for salaries, benefits, general and administrative, and the Capital Budget. The division directors will work with the committee chairs, vice chairs, and staff to determine the financial needs for existing and on-going programs and committees. They will also prepare proposals for any new programs the committees or departments deem appropriate for the coming year.

6.1.3. The General Chair, with the assistance of the Division Directors, will prioritize the prospective programs within each division based on the budget policy set out by the Board and contained in the Utah Swimming strategic quadrennial Business Plan. The preliminary budget will be prepared and presented to the Executive Committee for review. The preliminary budget will contain sufficient detail so the Executive Committee can determine the appropriateness and cost/benefit of the respective programs.

6.1.4. The Role of the Committees

6.1.4.1. The committee chairs prepare their budgets. The committees are provided with budget parameters by the Treasurer. The committees work with the Treasurer to review the viability and performance of existing programs. Committees will review and recommend new pilot programs for the upcoming budget year and, with the help of the Treasurer, develop appropriate budget worksheets for such programs.

6.1.5. The Role of the Vice Chairs

6.1.5.1. The Vice Chairs have no specific role in the budget preparation process, except in their supervisory capacity over committees. The Vice Chairs should maintain contact with the committees under their jurisdiction and the Treasurer during the budget preparation phase, so they become familiar with the various aspects of the budget that fall within their respective jurisdictions. As members of the Executive Committee, the Vice Chairs will be involved in the review process and will play the key role of providing insight into the programs and committee budget recommendations under their jurisdiction.

6.1.6. The Role of the Finance Vice Chair

6.1.6.1. With regard to the budget process, the Finance Vice Chair should be the functional liaison between the Treasurer and the Executive Committee and Board. The Finance Vice Chair's responsibility is to work with the General Chair and the Treasurer to assure that the product that is delivered to the Executive Committee is in proper form and prepared in accordance with the budget policy and Utah Swimming's strategic quadrennial Game Plan. It is not the Finance Vice Chair's function to pass on the appropriateness of any specific budget items. It will, however, be appropriate for the Finance Vice Chair to participate fully in the review process as a member of the Executive Committee.

6.1.7. The Role of the Board and the House of Delegates:

- 6.1.7.1. To amend, add, or delete a budget item, the primary place for change should be the Board of Directors. The role of the House of Delegates is to review, amend and approve the budget brought forward by the Board of Directors. Once the budget has been adopted, the Treasurer, the Finance Vice Chair, and the Board are responsible for implementing and enforcing the budget.

6.2. Budget Amendments and Review

- 6.2.1. The budget should be approved as a living document, one with built-in flexibility. The Board and Committees should be charged to live within the budget. This means that they must be ever vigilant as to overrunning any specific budget category. They should be looking at the whole of the divisional budgets to determine that the intent of the House of Delegates is being carried out by the expenditure of funds within the division. It is, ultimately, the Finance Chair's responsibility to review and approve all changes in the way budgeted funds are to be expended. Minor changes to the budget programs already approved should be handled administratively by the Finance Chair. The Finance Chair is responsible to the Board to bring the overall expenditures in at year-end within budget. For new programs adopted during the year, and previously approved programs that have been greatly expanded, the Board will consider budget amendments to adequately fund the programs.
- 6.2.2. To determine that funds are being spent in conformity with the budget, a quarterly budget to actual expenditures report will be provided to the Finance Vice Chair and members of the Board by the Treasurer. Forecasts for the current quadrennium will be prepared and updated quarterly to assist with financial planning and budget preparation.

6.3. Budget Timetable

- 6.3.1. Feb - March: Budget forms and instructions will be made available to staff, board members, and committee chairs for development of proposed program budgets. The Treasurer coordinates revenue projections with the Finance Chair.
- 6.3.2. April - May: Using the budget worksheets and revenue projections, the Treasurer produces a first draft of the proposed budget, to be reviewed and revised via meetings between the General Chair and Division Directors.
- 6.3.3. May: Proposed Budget distributed to Executive Committee.
- 6.3.4. Early to Mid-June: Executive Committee meets to review, amend and approve the Proposed Budget.
- 6.3.5. Late June: Proposed Budget distributed to Board of Directors.
- 6.3.6. July BOD meeting: Board of Directors meet to review, amend and approve the Proposed Budget. (May do this in August if a board meeting will be held.)
- 6.3.7. September/October: Utah Swimming House of Delegates meet to review, amend and approve the Budget.

7. OPERATING RESERVES

7.1. Philosophy

7.1.1. The establishment and maintenance of a funded Board-Designated Operating Reserve is a high priority. This will enable Utah Swimming to support strategic business practices and to:

- 7.1.1.1. Manage cash flow interruptions.
- 7.1.1.2. Minimize the need for working capital borrowing.
- 7.1.1.3. Meet commitments, obligations, or other contingencies.
- 7.1.1.4. Generate investment income.

7.2. Policy

- 7.2.1. The purpose of this policy is to establish and maintain a funded Board-Designated Operating Reserve, unencumbered and uncommitted, at a level relative to the annual program funding and the costs of operating and maintaining the organization.
- 7.2.2. The Operating Reserve is intended to serve a dynamic role and is available to be utilized as needed rather than being static, devoted only to generating interest income.

7.3. Strategies and Procedures

- 7.3.1. Board-Designated Operating Reserve shall be accounted for separate and apart from Undesignated Operating Funds.
- 7.3.2. The Finance Committee will have the responsibility for developing and recommending policies and guidelines for the investment of the Operating Reserve assets and the Board of Directors will approve such policies and guidelines.
- 7.3.3. The Operating Reserve goal will be to achieve and maintain at least six months of Program Funding and Operating Costs.

7.4. Sources

- 7.4.1. Assets for the Board-Designated Operating Reserve accounts will come from the retained earnings of the organization.
- 7.4.2. Uses:
 - 7.4.2.1. Internal line of credit for use to financially operate the organization.
 - 7.4.2.2. Funds to meet unfunded and unexpected organization needs.
 - 7.4.2.3. Funds for emergency and emerging needs of subsidiaries.
 - 7.4.2.4. Funds to make up a deficiency in budgeted revenue, either in results or collection experience.

7.5. Governance

- 7.5.1. Depletion of the Operating Reserve will be evidenced by a negative balance in Undesignated Operating Funds. The procedure for approving use of the Operating Reserve Funds will be as follows:
 - 7.5.1.1. As projected in the budget as approved by the House of Delegates.
 - 7.5.1.2. By approval of the Board of Directors to fund unusual expenditures out of reserves.
 - 7.5.1.3. By extraordinary expenses or loss of revenue and (or) investment losses. In this case, the following procedure will be followed:

7.5.1.3.1. The Treasurer will inform the Board General Chair and the Finance Vice Chair.

7.5.1.3.2. The Finance Vice Chair will inform the Board of Directors at its next scheduled meeting.

7.5.2. If the Operating Reserve is and has been less than 75% of the targeted reserve level for two consecutive years, the Board of Directors, in the absence of any extraordinary circumstances, will adopt an operational budget that includes a projected surplus sufficient to rebuild the Operating Reserve Fund to its targeted reserve level over the following two years.

7.6. Maintenance

7.6.1. The status of the funded Board-Designated Operating Reserve will be calculated at the end of each fiscal year based upon audited financial results.

7.7. Operating Reserve Ratio Calculation

7.7.1. The calculation formula is as follows:

Unrestricted, Board-Designated Operating Reserve as of 12/31 = [Budgeted Annual Operating Budget] x 6/12

Example: \$13,886,400 = \$27,772,800 (2011 USA Swimming Annual Operating Budget) X 6/12

7.7.2. The adequacy of the Board-Designated Operating Reserve will be determined as follows:

	<i>Example</i>
Total Net Assets	\$21,508,840
Less Board-Designated Funds for Specific Purpose	<u>(5,000,000)</u>
Total Unrestricted Net Assets	16,508,840
Less Equity in Fixed Assets	(2,339,563)
Less Investment in USSIC	(3,431,772)
Less Prepaid Rent	(3,106,580)
Add Deferred Revenue	<u>8,669,996</u>
Available Unrestricted Assets	16,300,922
Less Board-Designated Operating Reserve	<u>(13,886,400)</u>
Undesignated Operating Funds	<u>\$2,414,522</u>

The Operating Reserve Ratio Calculation will be presented to the Finance Vice Chair following approval of the financial audit results by the Audit Committee. The Finance Vice Chair will consider the adequacy of the Operating Reserve amount and will recommend any changes as deemed necessary.

8. FEES AND FINES

8.1. The Utah Swimming Board of Directors may establish fees and fines.

8.2. Fees and Fine amounts are listed in the Table of Fees and Fines, [UTSI Policies and Procedures](#)
#430a

8.3. The Board of Directors establish the following by policy:

- 8.3.1. Fee and fine amounts
- 8.3.2. Criteria for assessment
- 8.3.3. The person who assesses the fee or fine
- 8.3.4. The one assessed
- 8.3.5. Deadlines
- 8.3.6. Where fines may be appealed
- 8.3.7. Failure to pay penalties

8.4. Automated Clearing House (ACH) fees incurred by certain forms of payment will be paid by the person or entity paying UTSI, not by Utah Swimming, Inc.

8.5. Notification

- 8.5.1. The Fee/Fine Assessor listed in the Table of Fees and Fines notifies both the assessed individual and/or club of the fee/fine assessment as well as the UTSI Treasurer.

8.6. Deadlines

- 8.6.1. Fees and fines must be assessed and reported to the Treasurer in a timely manner. The general expectation is that fees and fines will be assessed when the criteria is met and reported to the Treasurer within 7 days or less.
- 8.6.2. Upon notification of an assessed fee or fine by the proper person, the UTSI Treasurer shall send an invoice to the assessed person or entity within 15 days.
- 8.6.3. The deadline or due date for payment will be no later than 45 days after the invoice date.
- 8.6.4. One exception is the *Non-SSRP Fee*. This fee has a deadline or due date of three (3) months after the invoice date and may be waived if the club meets requirements noted in policy #350 (Supporting Athlete Protection) within that time.

8.7. Failure to Pay

- 8.7.1. If a fee or fine is not paid by the deadline, the assessed person or entity becomes “Not in Good Standing” with Utah Swimming until paid.
- 8.7.2. When a fee or fine is not paid by the deadline, the Treasurer will notify the assessed individual or entity of non-payment, the penalty invoked, and how to get the penalty removed.
- 8.7.3. The Treasurer will maintain a list of current members “Not in Good Standing” and ensure any penalty is equitably applied. This includes notifying those who need to know so that a currently active penalty is equitably applied and enforced.
- 8.7.4. Additional penalties may be assigned to specific fees or fines either in the Table of Fees and Fines ([UTSI Policies and Procedures](#) #430a) or the referenced Governing Documents listed for the fee/fine in that Table.
- 8.7.5. Names of those with payments more than 60 days past the due date are given to the Finance Committee. They decide how to proceed.

8.8. Appeals

- 8.8.1. Only fines and the Non-SSRP Fee may be appealed, not other fees.
- 8.8.2. Once assessed according to policy, only the designated appellate body may reduce or dismiss the fine or Non-SSR Fee.

8.8.3.If an assessed fine or Non-SSRP Fee is upheld or reduced by the appellate body, the payment deadline shall be no later than 45 days after the appeal decision date of the appellate body.

8.8.4.The payment deadline on a disputed assessment is suspended until the appellate body makes an official decision.

8.8.5.The decision of the policy designated appellate body is final.

9. PURCHASING

9.1. Utah Swimming will employ sound business practices when purchasing goods and services to reduce costs and avoid conflicts of interest. Procurement of goods and services should be made by appropriate personnel.

10. REIMBURSEMENT REQUEST PROCEDURE

10.1. Any person needing to submit receipts for reimbursement must fill out the proper UTSI request form or email the required information (Date of Expense, Name of Expense Payee, Amount of Expense and Purpose of Expense) and include all receipts. All requests must be submitted to the treasurer of Utah Swimming, Inc.

11. COMMITTEE ACCOUNTING PROCEDURES

11.1. There shall be no separate checking accounts for projects carried out under the direction of any committee without the express authorization of the Board of Directors.

11.2. All Utah Swimming funds must be received and disbursed by the Corporation.

12. AUTHORIZATIONS

12.1. The person who issues checks cannot be the same person who balances the monthly bank statement

12.2. Disbursement authorization (checks and electronic) is granted by the Board of Directors to the Board Chair, Finance Vice Chair, Treasurer.

12.3. Number of signatures required:

12.3.1. Less than \$5,000 requires any one signature

12.3.2. \$5,000 and over requires any two signatures or approvals

13. BEST PRACTICES

13.1. Checks and Cash

13.1.1. Checks and cash received by UTSI will be deposited within a week of receipt.

14. INSURANCE COVERAGE

14.1. Utah Swimming receives insurance coverage from USA Swimming. If the LSC provides additional insurance, it must comply with any requirements in the current Affiliation Agreement between Utah and USA Swimming. For more information on current coverage and requirements, see: www.usaswimming.org/riskmanagement.

14.2. Crime Insurance

- 14.2.1. In 2020, the current practice of USA Swimming was to provide Crime Insurance coverage. Coverage for independent contractors is provided. If the LSC has a third-party service rather than a person, they can request the entity be added to the policy as an independent contractor, but the organization would be subject to underwriting and additional premium.
- 14.2.2. To be eligible for coverage, the following safeguards need to be in place.
 - 14.2.2.1. Dual signatures on checks and electronic payments in the amount of \$5,000 or more; or a voucher/dual system approval process
 - 14.2.2.2. The person who issues checks cannot be the same person that balances the monthly bank statement
 - 14.2.2.3. An audit committee should review the LSC books at least semi-annually.
- 14.2.3. The policy cancels immediately for those individuals upon discovery of any prior theft or dishonest act. Therefore, there is no insurance coverage if the LSC is aware of prior crimes.

15. RELATED DOCUMENTS AND FORMS

- 15.1. Table of Fees and Fines (Policy #430a)
- 15.2. Financial Reimbursement Request Form (see UTSI website)
- 15.3. Standards of Practice Form (Policy #21) *Includes Conflict of Interest*

16. NOTIFICATION

- 16.1. After elections and appointment of new Finance Chair, General Chair, and/or Operational Risk Chair, the Governance Committee will ensure the new Chair receives a copy of this policy and is made aware of responsibilities included therein.
- 16.2. Before beginning the budget development process for the year, the Finance Chair will share *BUDGET PROCESS AND APPROVAL* section of this policy with all board members.
- 16.3. The Governance Committee will review this policy at least annually and help the board members know and fill their responsibilities under it.
- 16.4. Upon hiring a new Treasurer, the Finance Chair will ensure the new Treasurer receives a copy of this policy and is made aware of responsibilities included therein.

17. DISTRIBUTION OF POLICY AND UPDATING

- 17.1. Policy will be posted on the UTSI website
- 17.2. At least annually in October or November, the Finance Chair and Treasurer will (1) Thoroughly review this policy, including #430a Table of Fees and Fines, and the following documents. (2) Make a written plan to ensure compliance for the upcoming fiscal year. (3) Share the plan with the General Chair and Governance Committee. (4) Note any needed revisions in the policy and work with the Governance Committee to get them implemented. Any changes thereto will be approved by the Board of Directors.
 - 17.2.1. IRS and other non-profit corporation filing requirements
 - 17.2.2. UTSI bylaw finance related articles, including but not limited to: Article 3 (Dues and Fees), Article 7: Finance Committee, and Article 8 (Annual Audit, Reports and Remittances)
 - 17.2.3. USA Swimming Bylaws Article 8 (LSC Reporting Requirements)
 - 17.2.4. Affiliation Agreement(s) between Utah Swimming and USA Swimming
 - 17.2.5. LEAP Financial Related Requirements

- 17.3. At least annually, the Finance and Operational Risk Coordinator will review current USA Swimming insurance coverage provided to LSC’s. They will assess whether the coverage is sufficient. If additional coverage is needed, the Operational Risk Chair will lead the organization to procure coverage. When assessing current coverage, the Finance and Operational Risk Chairs will also determine if any policy changes are. If so, the Operational Risk Chair will work with the Governance Committee to make any needed changes.

CHANGE LOG				
Version	Date	Description of Change/Section(s)	Author or Editor	Authority
1	6/9/2020	New policy. Based on USA Swimming Financial Policies	Shane Lamb and Cathy Vaughan	BOD
2	2/2/2021	Standardized Headings and minor updates to coordinate with other policies and the <i>Leadership Task Calendar</i> .	Cathy Vaughan	Minor Change – Delegated Board Authority
3	3/3/2021	Added LSC Financial Assessment Program form into the Appendix. This form was sent to LSC’s by USA Swimming in November 2020.	Cathy Vaughan	Appendix Change
4	8/10/2021	Moved <i>Financial Reimbursement Request Procedure</i> from policy #460 (Workforce Related) to this policy.	Cathy Vaughan	BOD
5	10/12/2021	Inserted the requirement for insurance to comply with current <i>Affiliation Agreement</i> between Utah and USA Swimming.	Cathy Vaughan	BOD
6	2/8/2022	Established clearer Fees and Fines policy and correlated with revised Table of Fees and Fines, #430a.	Cathy Vaughan	BOD
7	7/12/2022	Added Automated Clearing House (ACH) fee policy	Cathy Vaughan	BOD
8	8/9/2022	Added payment deadline exception for the Non-SSRP Fee	Maureen Schiffman and Cathy Vaughan	BOD

APPENDIX

LSC Financial Assessment Program

A documented checklist and inquiry review. The Affiliation Agreement between USA Swimming and Utah Swimming requires an “Agreed Upon Procedures” review performed by a firm. This review would

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encompass many of the items in the LSC FINANCIAL ASSEMENT PROGRAM form. If the LSC sent this form as a template, the firm would be able to get an idea of the scope of work the review would entail.

LSC Financial Assessment Program

LSC Name: [Click here to enter text.](#)

Completed By (Name & Email Address): [Click here to enter text.](#)

Date Completed: [Click here to enter a date.](#)

For Period Ending: [Click here to enter text.](#)

General Company Information

EIN: [Click here to enter text.](#)

Accrual or Cash Method of Accounting: [Choose an item.](#)

Name of General Chair: [Click here to enter text.](#)

Name of Treasurer: [Click here to enter text.](#)

Others Involved in Accounting Functions: [Click here to enter text.](#)

Name & Email Address of person who maintains books and records:

[Click here to enter text.](#)

Instructions: The purpose of an internal audit is to provide an independent, objective look at an organization's accounting practices/books with the intent of adding value to and improving an organization's operations. The internal audit should help an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management (fraud prevention), control, and governance processes.

The size of many LSCs may impede the ability to adequately address internal controls of the day-to-day operations.

The purpose of this program is to analyze the LSC's internal controls and accounting practices and to make recommendations for improvement. Most importantly, however, completion of this program should provide a reasonable assurance that the financial statements are fair and accurate and you should feel comfortable signing the 990. This program should be completed semi-annually and should be completed by a person who does not maintain the records or books for the LSC. As you complete this document, you will be asked to choose answers from drop down menus, check boxes, select dates, type text and attach documentation.

Policies & Procedures Manuals

An accounting manual should provide answers to questions, instruction to accounting personnel, and provide the means to apply consistent reporting of business transactions. The document must be useful and, more importantly, used. Therefore, it should be organized, complete, and consistent.

It should be available to all who need or think they need it. Certainly, the accounting staff needs the manual. Also, managers, and others who submit accounting data should have the manual available to them.

It should always be current. A plan or method for updating policies with changes, additions, or deletions to the document is a must.

The following sections of this program will address information that should be included in a Policies & Procedures manual.

- Does the LSC have written accounting policies and procedures established to describe the accounting system and ensure transactions are accounted for consistently (as described above)?

Choose an item.

***Attach a copy of the policies and procedures manual to this program.**

- Clear lines of authority and responsibility have been documented.
- Written policies establishing responsibilities for management and others have been made available to all staff and volunteers.
- Where do these documents reside?

[Click here to enter text.](#)

Budgets & Financial Statements

It is important to report the financial position of the organization to the board of directors or other required individuals or agencies. Every organization presents this information differently, but a statement of financial position and a statement of activity should be prepared at a minimum.

During the year, a statement of activities documenting actual revenue and expenses for the reporting period should be compared to budgets for comparable periods. Any variance should be noted and explained.

The policies and procedures manual of an organization should contain information regarding the process for developing an annual budget.

The monitoring of the financial position of an organization in relation to the budget allows the Board of Directors to take action if needed.

In addition, **LSCs are required to send copies of year-end financial statements to USA Swimming, Inc. (According to USA Swimming Rulebook and LEAP requirements).**

- Are annual budgets and financials approved by the Board of Directors?
Choose an item.

*Attach sample of policy.

- What is the process for making changes to a budget (authorization, etc.)?
Click here to enter text.
- How often are financial statement actuals compared to budgeted amounts?
Choose an item.
- Who is responsible for the periodic comparison of actuals to budgeted amounts?
Click here to enter text.
- How often are financial statements provided to the Board of Directors and other interested parties?
Choose an item.

Assets

Current Assets

Cash & Equivalents

The balance sheet shows the amount of cash and cash equivalents at a given point in time and the cash flow statement explains the change in cash and cash equivalents over time.

Although there is some room for interpretation, common examples of cash and cash equivalents include bank accounts, money market funds, and short-term investments.

The amount of cash and cash equivalents a company holds is very important and is a large piece of a company's overall operating strategy.

Petty Cash

- Do you maintain a petty cash account?
Choose an item.
- Describe the process for payments from petty cash to include documentation and record-keeping.
Click here to enter text.

Bank Accounts

- All accounts are on the books and financials.
 - Are funds deposited in a bank with FDIC protection and on what date and by who was this verified?
Click here to enter text.
 - Has the balance in any account exceeded the protection limits at any time during the period being reviewed? Document any issues below:
Click here to enter text.
 - List all bank account numbers and corresponding general ledger account numbers:
Click here to enter text.
- All accounts are held in the name of the LSC (not an individual).
 - Do volunteers or employees of the LSC possess debit cards for any bank accounts? If so, list names:
Click here to enter text.
 - Are all account signers authorized by the Board of Directors?
Choose an item.

The LSC is in compliance with stipulations regarding who can sign checks and/or authorize payments and there is a process for ensuring the bank is notified immediately of all changes to signers.

➤ Please list the names and titles of the current account signers:

[Click here to enter text.](#)

➤ Describe the LSC's written cash control policies to include approval policies in place (authorization and documentation requirements before payment is made), check signers signing checks made payable to themselves or family members, signing of blank checks, the use of pre-numbered checks and their use in sequence, and the use of "Cash" as the payee on a check.

[Click here to enter text.](#)

➤ Are these policies stated above strictly adhered to?

[Choose an item.](#)

➤ Describe a time, when you might deviate from these cash control policies.

[Click here to enter text.](#)

➤ Does the LSC use bill pay or other online payment methods?

[Choose an item.](#)

➤ If yes, describe the approval policies for these transactions.

[Click here to enter text.](#)

➤ Explain the process for voiding and cancelling of checks.

[Click here to enter text.](#)

Blank checks are never signed.

Bank Reconciliations

➤ Who performs the bank reconciliations for the LSC?

[Click here to enter text.](#)

➤ How often is the activity in the bank accounts reviewed?

[Choose an item.](#)

➤ How often are bank reconciliations performed?

[Choose an item.](#)

➤ During the reconciliation process, are paid checks verified for date, name, and proper endorsements?

Choose an item.

- During the reconciliation process, are large transactions checked for proper approval and documentation?

Choose an item.

- Explain the process for recording bank charges and interest.

[Click here to enter text.](#)

- Completed reconciliations are tied to the corresponding general account.

***Attach most recent bank reconciliation.**

- Which officer not assigned to bookkeeping duties regularly inspects the bank statements and reconciliations?

[Click here to enter text.](#)

USA Swimming has provided Crime Insurance coverage for LSCs since 1988. In order to renew the policy each year, the Philadelphia Insurance Company application asks if the following safeguards are in place for each LSC.

1. Dual signatures on checks and electronic payments in the amount of \$5,000 or more; or a voucher/dual system approval process.
2. The person who issues checks can't be the same person that balances the monthly bank statement;
3. An audit committee should review the LSC books at least semi-annually.

If a loss occurs and it is determined these safeguards were not in place, the insurance company may deny the claim if misrepresentations are made to the insurer.

The policy cancels immediately for those individuals upon discovery of any prior theft or dishonest act. Therefore, there is no insurance coverage if the LSC is aware of prior crimes.

Receivables

Account receivables are monies owed to the organization by another party. Typically, account receivables are recorded when services are rendered to earn revenue for the organization or promises to give are received by the organization.

- Describe the process (include frequency) for reviewing outstanding receivables and collection policies.

[Click here to enter text.](#)

- Are there currently any disputes over amounts due to the LSC?

Choose an item.

- If yes to the above questions, list those receivables which are in question.
Click here to enter text.
- Are all outstanding account receivables recorded on the LSC's financial statements?
Choose an item.

***Attach a listing (subsidiary) of outstanding receivables as of the date of the last financial statement date.**

Investments

Short term investments are classified as current assets. In order for investments to be classified as short-term, they must meet two criteria:

1. They must be readily marketable (can be converted into cash on demand)
2. Management intends to convert the investment into cash within one year or operating cycle, whichever is longer.

Security investments that do not meet both criteria should be classified as long-term.

- All investment accounts are held in the name of the LSC.
 - If any investment accounts are not held in the name of the LSC, please explain.
Click here to enter text.
 - Provide list of all investment accounts to include name and account number and their corresponding General Ledger number.
Click here to enter text.
- Investments are carried at fair market value in the financial statements.
 - How often are investment statement balances reconciled to financial statement balances?
Choose an item.
 - How are interest and dividend payments recorded in the financial statements?
Click here to enter text.
- Statements are provided periodically to the Board of Directors for review.

The following items pertain to the May 2011 LSC Investment Policy Recommendations as found on the USA Swimming website:

- The LSC has an investment committee appointed by the board of directors and includes the LSC Treasurer.
- The LSC has a written Investment Policy Statement (IPS) approved by the board of directors.
- The LSC has obtained professional advice and a written service agreement clearly states how the advisor is compensated.
- The LSC has a diversified portfolio to meet the IPS's goals, objectives, and risk profile.
- The advisor for the LSC is free of any conflicts of interest (real or perceived) with members of the board of directors and investment committee.

***Attach a copy of the LSC's written Investment Policy Statement.**

Property & Equipment

Property & equipment is a classification on the balance sheet of non-current productive fixed assets, such as buildings, capital leases, computers, fixtures, furniture, land, vehicles, etc. These assets have a useful life of more than one year and are shown in the financials at their book value (determined by netting the asset account and the corresponding accumulated depreciation account).

The LSC should establish a "capitalization policy". All items above an amount set by the LSC are treated as assets, while items with a cost below the threshold are expensed when purchased.

- Have you adopted a capitalization threshold and policy?
Choose an item.

***Attach capitalization policy.**

- Is a subsidiary schedule of fixed assets prepared and updated regularly to include description, cost, and date of purchase?
Choose an item.

***Attach current schedule of all fixed assets.**

- Does this schedule reconcile to the general ledger (financial statements)?

Choose an item.

- Provide a list of any volunteers who have custody of assets owned by the LSC (who and what):
Click here to enter text.
- Describe process for regular verification of assets for condition and location.
Click here to enter text.
- Describe process for disposal of assets from the subsidiary list and general ledger.
Click here to enter text.
- Are valuable assets covered by insurance?
Choose an item.

Fixed assets are being depreciated in accordance with GAAP.

Liabilities and Net Assets

Payables

Accounts payable is an entity's short-term obligation to pay suppliers for products and services, which the entity purchased on credit.

- Do you keep a schedule of unpaid invoices including name, amount, and due date?
Choose an item.

***Attach schedule.**

- Does the schedule of unpaid invoices agree to the general ledger and financial statement?
Choose an item.
- If you answered "no" to the previous question, please explain.
Click here to enter text.
- Are amounts owed properly recorded as a payable in the correct period (year-end)?
Choose an item.
- Are there currently any disputes with vendors over amounts owed? Please list and describe the issues.

[Click here to enter text.](#)

Other Liabilities

Payroll

Payroll is the payment required to pay employees and to remit related taxes to various government entities for a designated work period for which employees are entitled to receive a single payment.

Perhaps one of the biggest issues associated with payroll is determining if an individual should be paid as an employee through payroll or as an independent contractor through accounts payable. Misclassification of an independent contractor may have a number of costly legal consequences.

Visit the IRS independent contractor or employee guide (Topic 762) to learn about the tax implications of either scenario.

- Does your LSC have employees?

[Choose an item.](#)

- The LSC utilizes a payroll service.

- Describe the process for each of the following:

- Authorization of wage levels and hour requirements

[Click here to enter text.](#)

- Verification and record-keeping for all hired employees (I-9s and W-4s)

[Click here to enter text.](#)

- Recording of time (hours worked and leave time-vacation and/or sick)

[Click here to enter text.](#)

- Approval of time sheets or attendance records (include record-keeping)

[Click here to enter text.](#)

- If a payroll service is not utilized, what is your timetable for filing 941s, W-2s, State Unemployment and form W-3?

[Click here to enter text.](#)

***Provide a copy of the most recent reconciliation of the general ledger to the W-3 (941s)**

Additional Employee/Payroll Topics for Consideration

- Employees are in compliance with state and federal regulations.
- Salaries match the budget.
- Earnings agree with check register amounts.
- All employees are covered by workers' compensation insurance.
 - Do you have job descriptions on file for all employees?
Choose an item.
 - Do you have a written personnel policy and is it provided to employees?
Choose an item.

***Attach copy of policy to this program.**

- Are benefits paid on the employee's behalf?
Choose an item.
- If the LSC has contractors who are paid as vendors, the contractors are included in the 1099 reporting at year-end according to IRS regulations.

Debit/Credit Cards

- Does the organization use credit cards or similar payment methods?
Choose an item.
- If credit cards are utilized, how are the amounts owed recorded on the books?
Click here to enter text.
- What are the policies for monitoring the use of credit by staff members?
Click here to enter text.
- Receipts are required for all expenditures.
 - What method is used for determining limits on credit cards (based on need or historical use)?
Click here to enter text.
 - What is the process for cancelling cards when an employee or volunteer leaves the organization?
Click here to enter text.

- Credit card statements are sent directly to the accounting staff or other person not authorized to use the card.

Line of Credit/Loans

- All debt is authorized by the Board of Directors.
- Payments are processed in a timely manner.
- Payments are properly allocated between principal and interest in the financial statements.

Deferred Revenue

In accrual accounting, deferred revenue is money received for goods or services which have not yet been delivered. According to the revenue recognition principle, it is recorded as a liability until delivery is made, at which time it is converted into revenue.

- Do you record revenue amounts received in advance of the yearly membership year as deferred revenue at year end in the financial statements until the dues are earned?
Choose an item.
- Are amounts received in advance for events properly recorded as deferred revenue until the month the event is held?
Choose an item.

***Attach a current schedule of unearned amounts that ties to the deferred revenue booked on the financial statements (include source documents that document the calculations).**

Net Assets

Unrestricted net assets: Net assets which are available for the general use of the LSC's operations at the board's discretion

Temporarily restricted net assets: Funds from donors which are received with restrictions as to how the money may be spent

Permanently restricted net assets: Funds from donors which are received with restrictions as to how the earnings from the funds may be spent—the principal, or original contribution, is to be maintained intact in perpetuity

- Are there any restrictions on the use of funds under the organization's control?
Choose an item.

***Attach a schedule of all restricted net assets included in the financials.**

- Funds are classified correctly as permanently restricted, temporarily restricted or unrestricted.
- Year-end net assets are properly reconciled to the prior year (net assets plus income).

Revenue

Receipts

- Describe process for recording and processing of all incoming checks to include timeliness of recording.
Click here to enter text.
- Describe maintaining of records and reconciliation process for amounts received at meets and other events.
Click here to enter text.
- Does the LSC have a standard form to record cash collections at meets and other functions?
Choose an item.

***Attach a copy of the form.**

- Records are checked regularly against amounts actually deposited to ensure accuracy.
- The written financial policies and procedures (if exists) contain information describing cash handling and depositing.
 - Is this cash handling statement provided to all employees and volunteers?
Choose an item.
- Non-cash gifts are recorded and reported in the financial statements.
- All cash receipts are deposited intact (no amounts withheld to pay for miscellaneous supplies, etc.).
 - How often are deposits processed?
Choose an item.
 - Who prepares deposits for the bank?
Click here to enter text.
 - Who delivers deposits to the bank?
Click here to enter text.

- Are receipts for deposits retained and reconciled to the bank statement and cash receipts journal?
Choose an item.

Membership

- Is membership revenue reconciled to the receipts and financial statements on a monthly basis?
Choose an item.
- If yes to the question above, are SWIMS reports utilized to reconcile the membership revenue?
Choose an item.

***Attach most current reconciliation.**

Events

- Is event revenue reconciled to the receipts and financial statements?
Choose an item.
- Is Team Unify, Hytek reports, or other reports utilized to reconcile the event revenue to the actual receipts and financial statements?
Choose an item.

***Attach a sample report.**

- Describe any follow-up procedures for reconciling/collecting any discrepancies from organizers.
[Click here to enter text.](#)

Expenses

Controls

- A clearly defined written policy for payment and/or reimbursement policies (to include approval process) are provided to all staff and volunteers.
- All reimbursements and payments are processed in accordance with the above policy.
- All expenditures are properly authorized.

***Attach authorization schedule.**

- Describe the supporting documentation (receipts, etc.) that are required and maintained for all expenditures.
Click here to enter text.
- Payments are processed by someone other than the authorizing individual.
 - How often are actual expenses compared with budgeted amounts and large variances investigated?
Choose an item.
 - The date the last actual/budgeted expense comparison was completed:
Click here to enter a date.
- Invoices received are checked against orders placed (price, quantity, etc.).
- Payments are processed only against original invoices.
- Checks are signed only with the documentary evidence of the nature of payment.

Records/Documentation

- All bank account records are kept secure.
 - How long are bank account records kept? Where do you keep the bank account records?

[Click here to enter text.](#)

- Who has access to bank account records?

[Click here to enter text.](#)

- Records of all investments are maintained and stored in a secure place.

- How long are investment records kept? Where do you keep the investment records?

[Click here to enter text.](#)

- Documentation for all transactions is maintained in the LSC's files.

- Does the LSC maintain paper or electronic files?

[Choose an item.](#)

- If the LSC maintains electronic files of documents, who has access to the documents?

[Click here to enter text.](#)

- What procedures are in place for recovering documents in the event of a disaster?

[Click here to enter text.](#)

- List the names, phone numbers, and email addresses of persons who have electronic access to records:

[Click here to enter text.](#)

- Briefly describe the procedures for transferring access rights upon turnover in personnel:

[Click here to enter text.](#)

- How often are backup files of the accounting and records system completed?

[Choose an item.](#)

- Backup files are stored at a separate location.

- Passwords to records or accounting software are kept secure.

- Who maintains access rights to all accounting records (paper or electronic)?

[Click here to enter text.](#)

- Where are permanent records for the LSC kept (Articles of Incorporation, By-Laws, etc.)?
Click here to enter text.

Miscellaneous

- There is a segregation of tasks to provide an automatic “double check”.
- Journal entries are appropriately documented.
- Accounting entries are adequately explained or supported and approved by a responsible party.
- Cross checks are performed to reconcile bank records and the LSC’s income and expense records.
- Insurance coverage is periodically reviewed.
 - Describe insurance coverage, limits, and Fidelity bond:
Click here to enter text.
 - Have policies been established which prohibit loans to board members and related parties?

Choose an item.
 - Record the text for this policy here.
Click here to enter text.
 - Are the Board of Directors, volunteers, and employees required to sign a code of ethics and conflict of interest policy annually?
Choose an item.

***Attach a copy of this statement.**

- Board of Director’s minutes and any committee minutes are contemporaneously documented and stored permanently.
- The LSC actively monitors and tries to reduce the risk of fraud.
- A semi-annual review is conducted twice a year per the crime policy.

Form 990

- The LSC is required to file form:
Choose an item.

- The tax return reconciles to the financial statements.
- A Copy of the return is distributed to the full Board of Directors for review before filing.
- All required related party disclosures are declared on the return.
- A copy of the return is maintained with the LSC's permanent files.
- The year end 990 tax return is completed and filed in a timely manner.

In addition to the financial statements discussed earlier, LSCs are required to send a copy of the 990 tax return to USA Swimming, Inc. upon completion.