Financial Policies and Procedures Manual

A starting template for small publishers

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This is a starting template, not legal, tax or accounting advice. Tax forms and deadlines named here are United States federal requirements; state rules and other countries differ. Review your adopted manual with your accountant.

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How to use this template

1. Fill in the setup worksheet with your roles, the people who hold them today, your thresholds and your deadlines.
2. Check the separation rules at the end of the worksheet. If one person must hold two conflicting duties, use the small-team variation.
3. Replace each bracketed choice in the manual with the matching worksheet answer.
4. Delete the Nonprofit part if you are a for-profit publisher. Delete any section that does not apply.
5. Rewrite anything that does not match what you actually do. A manual describing an imaginary process is worse than none.
6. Have your accountant review it, then record the approval on the adoption page.

> **Filled example:** A completed version for a fictional publisher, Harbor Street Review, is available as financial-manual-example-harbor-street-v1.0.pdf on the template page.

Setup worksheet

Fill this in first. Every bracketed choice in the manual, such as [Approval threshold], refers to a line on this worksheet. Write a role title (and the person who holds it today) rather than only a name, so the manual survives staff changes. One person may hold several roles, but the conflict rules at the end of the worksheet should still hold.

People and roles

Choice	Your answer	Notes
Organization name		Legal name
Top executive		Executive Director, Publisher or Owner
Finance lead		CFO, treasurer, finance manager, or the owner in a solo business
Bookkeeper		Staff bookkeeper or outside accounting firm
Editorial budget holder		Editor who manages the freelance and contributor budget
Oversight body		Board finance committee, full board, owners, or an outside advisor
Oversight contact		Treasurer, committee chair, co-owner or advisor who acts for that body

Who approves, pays, reconciles and reviews

Choice	Your answer	Notes
Payment approver		Approves routine payments up to the approval threshold
Second approver		Adds a second approval above the threshold
Payment releaser		Releases approved payments in the bank or bill-pay system
Reconciler		Reconciles bank, card and processor accounts each month
Reconciliation reviewer		Reviews statements and completed reconciliations; signs off
Payroll owner		Prepares and submits each payroll
Payroll reviewer		Reviews and approves each payroll before submission
Delegate for the top executive		Acts when the top executive is absent

Choice	Your answer	Notes
Delegate for the finance lead		Acts when the finance lead is absent

Thresholds and deadlines

Choice	Your answer	Notes
Approval threshold		Payments above this need two approvals
Oversight threshold		Unbudgeted spending or contracts above this go to the oversight body
Capitalization threshold		Equipment costing more than this per item is recorded as an asset
Deposit deadline		e.g. within 3 business days of receipt
Card receipt deadline		e.g. within 5 business days of the charge
Reimbursement deadline		e.g. within 30 days of the expense
Payroll schedule		e.g. biweekly, semimonthly or monthly, and the payday
Timesheet deadline		When hourly timesheets are due before each payday
Month-end close deadline		e.g. the 15th of the following month
Fiscal year end		e.g. December 31 or June 30
Records retention period		Ask your accountant; seven years is a common default
Policy review cycle		e.g. every two years

Systems (examples only, not requirements)

Choice	Your answer	Notes
Accounting system		e.g. QuickBooks Online, Xero
Bill-pay system		e.g. the bank's bill pay, Bill.com, Ramp, Brex
Card program		e.g. a bank business card, Ramp, Brex
Payroll provider		e.g. Gusto, ADP, or the accountant's payroll service

Time allocations (Nonprofit)

Choice	Your answer	Notes
Top executive time allocation		Split across program, management and general, and fundraising
Finance lead time allocation		Split across program, management and general, and fundraising

Separation checks

Before adopting, confirm each of these holds. If one cannot, use the small-team variation in section 16.

- The second approver is a different person from the payment approver.
- The person who releases payments does not reconcile the accounts.
- The reconciler does not review their own reconciliation.
- The person who releases payments does not review the reconciliations.
- The payroll owner does not approve their own payroll.
- The delegate for the top executive is someone else.
- The delegate for the finance lead is someone else.
- The backup payroll preparer (the bookkeeper) is not the payroll reviewer.

Part 1. Core manual (all publishers)

1. About this manual

This manual describes how [Organization name] records, approves, pays, reconciles and reports its money. It exists so that financial statements are accurate, assets are protected, obligations to funders, customers, staff and tax authorities are met, and anyone covering for a colleague can follow the same steps.

Everyone with a role in spending, receiving or recording money is expected to follow it. Where the manual and a funder's or lender's written terms differ, the stricter rule applies.

The [Finance lead] maintains this manual and proposes changes. It is reviewed [Policy review cycle] and whenever roles, systems or thresholds change. Changes take effect when approved by the [Top executive] and the [Oversight body].

> **Using the template:** Sections marked Nonprofit apply only to tax-exempt organizations. A for-profit publisher can delete them; the core sections stand on their own. Tool names are examples, not requirements.

2. Roles and responsibilities

[Oversight body]

- Approves the annual budget and any later change to it.
- Approves unbudgeted spending and contracts above [Oversight threshold].
- Approves opening or closing bank, card and loan accounts, and changes to who can sign or release payments.
- Receives financial statements at least quarterly and asks questions about them.
- Sets the compensation of the [Top executive] and reviews their performance each year.
- Hires the outside accountant or auditor where one is required.

> **For-profit publishers:** The oversight body is usually the owners or a board of directors. In a single-owner company, name an outside advisor or accountant who will review the quarterly statements, so someone other than the owner looks at the books.

[Top executive]

- Reviews and approves financial reports before they go to the [Oversight body].
- Gives the second approval on payments and contracts above [Approval threshold].
- Approves new hires, pay changes and bonuses in writing.
- Approves grant applications and other agreements that commit the organization's money or staff time.
- Oversees the internal controls in this manual and acts on exceptions.

[Finance lead]

- Sets up and maintains the financial systems and the chart of accounts.
- Prepares the annual budget with the [Top executive] and monitors spending against it.
- Approves routine payments, reimbursements and card statements within the limits in Approval authority.
- Manages cash flow and moves money between the organization's own accounts.
- Keeps the organization current on tax filings, insurance, payroll reports and other financial compliance.
- Reviews payroll registers and personnel records for accuracy.
- Coordinates the month-end and year-end close and the annual tax return.
- Recommends replacement or retirement of equipment.

[Bookkeeper]

- Codes and records transactions each month in [Accounting system].
- Reconciles bank, card and payment-processor accounts by [Month-end close deadline].
- Lists transactions that need more information and sends the list to the [Finance lead].
- Keeps a clear audit trail so every transaction can be traced to its support.
- Suggests improvements to the chart of accounts and classes.

[Editorial budget holder]

- Manages the freelance and contributor budget line.
- Approves contributor payments against that budget and records what each payment is for.
- Tags each payment with the grant, sponsor or project that funds it, if any.

Everyone who spends or receives money

- Keeps receipts and submits them on time.
- Never approves a payment to themselves or a relative.
- Reports anything that looks wrong to the [Finance lead] or, if it involves the [Finance lead], to the [Top executive].

Responsibility matrix

Duty	Done by	Approved or reviewed by
Enter and code bills	[Bookkeeper]	[Payment approver]
Approve payments up to [Approval threshold]	[Payment approver]	[Reconciliation reviewer] (monthly statement review)
Approve payments above [Approval threshold]	[Payment approver]	[Second approver]
Release approved payments	[Payment releaser]	[Reconciliation reviewer] (monthly statement review)

Duty	Done by	Approved or reviewed by
Approve contributor payments	[Editorial budget holder]	[Payment approver]
Reconcile bank, card and processor accounts	[Reconciler]	[Reconciliation reviewer]
Run payroll ([Payroll schedule])	[Payroll owner]	[Payroll reviewer]
Close the month by [Month-end close deadline]	[Finance lead]	[Top executive]
Prepare the annual budget	[Finance lead] and [Top executive]	[Oversight body]

3. Approval authority

Approval means a written, traceable yes: an approval in [Bill-pay system], an email, or a signed form. A verbal approval is confirmed in writing before payment.

Commitment	Who approves
Budgeted payment or contract up to [Approval threshold]	[Payment approver]
Budgeted payment or contract above [Approval threshold]	[Payment approver] and [Second approver]
Unbudgeted spending or any contract above [Oversight threshold]	[Oversight body], after the two approvals above
Payroll, including new hires and pay changes	[Payroll reviewer], with written approval of pay changes by the [Top executive]
Reimbursements and card statements	[Payment approver]; the [Top executive]'s own expenses are approved by the [Finance lead]
New bank, card or loan accounts; changes to signers	[Top executive] and [Oversight body]

- Nobody approves a payment to themselves. The [Finance lead]'s own expenses are approved by the [Top executive], and the [Top executive]'s by the [Finance lead].
- Splitting a purchase to stay under a threshold is not allowed.
- Grant-funded spending also follows the grant's terms.

4. Bookkeeping and chart of accounts

[Organization name] keeps its books in [Accounting system], maintained by the [Bookkeeper] under the direction of the [Finance lead].

- The chart of accounts groups income and expenses by type (natural classification). Classes or locations track programs, publications or projects.
- The [Finance lead] owns the chart of accounts. New accounts or classes are added only by the [Finance lead] or with their approval.

- Bank, card, payroll and payment-processor feeds are connected where available, but every transaction is still reviewed and coded by a person.
- Supporting documents (invoices, receipts, contracts, grant letters) are attached to the transaction or stored in a shared folder named so they can be found from the transaction.
- The [Finance lead] scans the general ledger each month for unusual entries, such as round amounts, new vendors, duplicate payments or entries to balance-sheet accounts without support.

> **Nonprofit:** Also track expenses by function (program, management and general, fundraising) and income by donor restriction. See the nonprofit sections below.

5. Recording revenue

Revenue may come from:

- Subscriptions, memberships and single-copy sales.
- Advertising and sponsorships.
- Donations and grants (nonprofits and fiscally sponsored projects).
- Events, licensing and syndication.

Most income arrives through card processors and platforms that pay out to the operating account.

- The [Bookkeeper] records income at its gross amount and records processor fees and refunds as separate entries, so the books match both the platform reports and the bank deposits.
- Income from customer, donor or subscription systems is matched to deposits each month. When two systems can import the same payout, only one is allowed to post it.
- Annual subscriptions and sponsorships paid in advance are recorded as deferred revenue and recognized over the period they cover, if the organization uses accrual accounting.
- Invoices for advertising and sponsorships are issued from [Accounting system] or a connected system so receivables are tracked.

Checks and cash

- Mail is opened by someone other than the person who records deposits when staffing allows. Checks are logged (date, payer, amount) on the day they arrive.
- Checks and cash are deposited [Deposit deadline] and kept locked until then. The deposit is matched to the log.
- Donated gift cards are recorded, kept locked and used only for organizational purposes.
- [Organization name] does not keep petty cash. If that changes, the fund is kept small, counted monthly by someone other than its custodian, and reconciled to receipts.

> **Nonprofit:** Send a written acknowledgment for any single contribution of $250 or more, stating the organization's name, the amount (or a description of a noncash gift), and whether anything was given in return. Grant award letters go to the [Bookkeeper] the week they arrive.

6. Purchasing and accounts payable

Payments are generally for goods and services, recurring subscriptions, taxes and fees, training, memberships, meetings, marketing and reimbursements.

1. Invoices are sent to a single finance inbox or uploaded to [Bill-pay system] as they arrive.
2. The [Bookkeeper] enters the bill, codes it to an account and class, and attaches the invoice.
3. The [Payment approver] confirms that the goods or services were received, the amount is right and the spending is in the budget, then approves. Above [Approval threshold], the [Second approver] also approves.
4. The [Payment releaser] releases payment by the due date, considering cash flow.
5. Recurring automatic payments are set up only after the same approval and are reviewed each month on the card or bank reconciliation.

Payment methods

- Electronic payment (ACH) is the default. Paper checks are limited to vendors who cannot accept electronic payment.
- New vendors provide a tax form (W-9 for US payees) before their first payment.
- A request to add or change a vendor's bank details is verified by phone, using a number already on file, before any payment is sent. Email alone is never enough.
- Payments in a foreign currency are sent through the bank or a transfer service. The [Bookkeeper] records the amount actually paid, including fees and the exchange rate.

Freelancers and contributors

- The [Editorial budget holder] manages the freelance budget and approves contributor payments against it.
- Each contributor accepts a written contributor agreement before work begins.
- No contributor is paid before the right tax form is on file (W-9 for US payees, W-8BEN for individuals outside the US).
- Each payment records what it was for (for example, a link to the published piece) and, if applicable, the grant or project that funds it.
- Contractors working on a longer-term basis have a signed contract stating scope, rate and term before they are paid.
- The [Finance lead] reviews whether a long-term contractor should be an employee, because misclassification creates tax liability.

7. Cards and spending

Organization cards are issued through [Card program] to staff who need them, with spending limits set by the [Finance lead].

- Cards are for organizational expenses only. Personal purchases, purchases that are not authorized or budgeted, and anything barred by law or a funder's terms are not allowed.
- Cardholders upload an itemized receipt and a short business purpose [Card receipt deadline].

- The [Payment approver] reviews card activity monthly. The [Top executive]'s card activity is reviewed by the [Finance lead], and the [Finance lead]'s by the [Top executive].
- A charge that is not approved is repaid by the cardholder. A payroll deduction is used only with the employee's written authorization and where state law allows.
- Cards are cancelled the day a cardholder leaves.

> **Without a corporate card program:** A business card from your existing bank works the same way: set per-card limits, require receipts, and reconcile the statement monthly. A spend management platform is optional.

8. Reimbursements

- Staff submit reimbursement requests [Reimbursement deadline], with itemized receipts and the business purpose.
- The [Payment approver] approves requests. Nobody approves their own.
- Approved reimbursements are paid through [Payroll provider] or [Bill-pay system].
- Mileage is reimbursed at a documented rate with the date, route and purpose of each trip.
- Amounts not substantiated within the deadline are not reimbursed, or are treated as taxable pay, as your accountant advises.

9. Payroll

Payroll runs [Payroll schedule] through [Payroll provider]. The [Payroll owner] prepares each payroll and the [Payroll reviewer] reviews and approves it before submission.

1. Hourly staff submit timesheets by [Timesheet deadline]. Supervisors approve them.
2. The [Payroll owner] enters hours, paid time off, new hires, departures and approved pay changes.
3. The [Payroll reviewer] compares the payroll preview with the prior period and approved changes, asks about any difference, and approves it.
4. Direct deposit is the default. A request to change an employee's bank account is verified with the employee directly, not by email alone.
5. After each payroll, the [Bookkeeper] checks that payroll expense, taxes and benefits in the books match the payroll reports.

- If the [Payroll owner] is absent, the [Bookkeeper] prepares payroll and the [Payroll reviewer] approves it.
- New hires complete Form W-4 and Form I-9 within the federal deadlines.
- Quarterly and annual federal and state payroll returns are filed on time, whether by the provider or by staff. The [Finance lead] confirms each was filed.
- Form W-2 is furnished to employees by January 31 (the next business day if January 31 falls on a weekend). Form 1099-NEC is furnished to and filed for contractors who require one by the same date.

- Personnel files (offer letter, pay rate, tax and benefit elections, I-9, emergency contact, signed handbook acknowledgment) are kept secure and accessible only to the [Top executive], the [Finance lead] and those they authorize.

10. Bank accounts and reconciliations

- Accounts are opened or closed only with the approvals in Approval authority. Each account has at least two people with administrator access so it never depends on one login.
- The [Reconciler] reconciles every bank, card, loan, payroll and payment-processor account (for example, Stripe or PayPal) by [Month-end close deadline].
- The [Reconciliation reviewer] reviews the bank and card statements directly, looking for unusual payees, amounts or transfers, and signs off on each completed reconciliation with the date.
- Checks outstanding for more than six months are investigated and voided when appropriate; any unclaimed-property rules are followed.
- Transfers between the organization's own accounts are made by the [Finance lead] and recorded the same day.

11. Month-end close

The books for each month are closed by [Month-end close deadline].

1. All transactions are coded and the questions list is cleared.
2. All reconciliations are complete and signed off by the [Reconciliation reviewer].
3. Bills received but not paid, and income earned but not received, are recorded if the organization uses accrual accounting.
4. Recurring entries are posted, such as prepaid expenses, deferred revenue and depreciation.
5. Payroll expense in the books is checked against the payroll reports.
6. The [Finance lead] reviews the balance sheet (cash matches the reconciliations; receivables and payables match open items) and the income statement against the budget.
7. The [Finance lead] sends the [Top executive] the monthly statements with a short note on variances and cash on hand.
8. The period is locked in [Accounting system] after review.

The [Oversight body] receives the statements at least quarterly.

12. Year-end close and tax filings

The fiscal year ends [Fiscal year end]. In addition to the month-end steps:

- Equipment is counted and the fixed asset log is reconciled to the books.
- Accrued vacation, prepaid expenses and deferred revenue are reviewed with the accountant.
- W-2 and 1099-NEC forms are issued on time (see Payroll).
- The annual tax return is prepared by the [Finance lead] or an outside accountant and approved by the [Top executive] before filing.

- State and local filings, business licenses and registrations are renewed.
- An audit or review is arranged if a funder, lender or state requires one.
- The [Finance lead] and [Top executive] prepare next year's budget for the [Oversight body].

13. Budget and cash flow

- The [Finance lead] prepares a draft budget with the [Top executive] before the fiscal year begins. The [Oversight body] approves it.
- Actual results are compared with the budget each month. Large variances are explained in the monthly note.
- The [Finance lead] keeps a rolling cash forecast of at least three months and flags a shortfall to the [Top executive] as soon as it appears.
- Reserve or savings transfers follow the cash forecast and are reported to the [Oversight body].

14. Records, property and equipment

Records retention

- Financial records, tax returns, payroll records and supporting documents are kept for [Records retention period], or longer where a funder, lender or law requires.
- Records are kept digitally in a shared location that does not depend on one person's account, with access limited to those who need it.
- Records are never destroyed while an audit, investigation or legal claim is pending.

Property and equipment

Equipment, furniture, software and leasehold improvements costing more than [Capitalization threshold] per item are recorded as assets and depreciated on a straight-line basis. Items costing less are expensed when bought.

Asset type	Suggested useful life
Computer hardware	3 years
Purchased software	3 years
Office equipment	5 years
Office furniture	5 years
Leasehold improvements	Remaining term of the lease

- The [Bookkeeper] keeps a fixed asset log with purchase date, description, cost or fair value, funding source (if restricted), serial or tag number and useful life. The [Finance lead] reviews it.
- Equipment is inventoried each year and the log is reconciled to the books. Lost, damaged or retired items are written off.
- Departing staff return equipment before their last day; laptops are wiped and reassigned.

15. Internal controls, absences and delegation

The goal is that no single person can both spend money and hide the record of it. The setup worksheet lists who holds each duty, and these duties stay separate:

- The second approver is a different person from the payment approver.
- The person who releases payments does not reconcile the accounts.
- The reconciler does not review their own reconciliation.
- The person who releases payments does not review the reconciliations.
- The payroll owner does not approve their own payroll.
- The delegate for the top executive is someone else.
- The delegate for the finance lead is someone else.
- The backup payroll preparer (the bookkeeper) is not the payroll reviewer.

Absences and delegation

- When the [Top executive] is absent, the [Delegate for the top executive] acts in their place for approvals in this manual.
- When the [Finance lead] is absent, the [Delegate for the finance lead] acts in their place.
- If both are absent, the [Oversight contact] approves only what cannot wait.
- Delegation is made in writing (an email is enough) with start and end dates. Payments approved by a delegate are listed for the returning person to review.
- Every person with access to bank, payroll and accounting systems takes time away each year, and their duties are covered by someone else during that time.

Other controls

- Each person uses their own login with multi-factor authentication. Passwords are kept in a shared password manager, never in documents.
- Access is removed on a person's last day, the same day their cards are cancelled.
- Anyone with a financial interest in a vendor or decision discloses it and steps out of the approval.
- A suspected error or misuse is reported to the [Top executive], or to the [Oversight contact] if it involves the [Top executive].

16. Small-team and solo variations

The separations above assume at least three people. With fewer, keep the same checks and move the review outside:

- Two people: one approves and releases payments; the other reconciles. Each reviews the other's card and expenses. An outside accountant reviews the reconciliations quarterly.
- Solo owner or one-person newsroom: an outside bookkeeper or accountant reconciles monthly, and the owner reviews the bank statement every month before the reconciliation arrives. Turn on bank alerts for every outgoing payment above a set amount.

- In any size of organization, a second person should have emergency access to the bank, payroll and accounting systems and know where this manual is.

Part 2. Nonprofit sections

> **Nonprofit:** These sections apply to tax-exempt organizations. A for-profit publisher can delete this part.

N1. Board and finance committee (Nonprofit)

The [Oversight body] acts for the board on financial matters between meetings and reports to the full board.

- Recommends the annual budget to the board.
- Reviews quarterly financial statements, including restricted fund balances.
- Selects and meets with the independent auditor where an audit is required, receives the audit findings directly and recommends acceptance of the audit to the board.
- Follows up on any management letter recommendations.
- Reviews the Form 990 before it is filed.
- Approves the compensation of the [Top executive], using comparable data where available.

N2. Restricted funds and grant tracking (Nonprofit)

- Each grant or restricted gift is recorded when it is awarded or promised in writing, with its restriction (purpose, time period or both).
- The [Bookkeeper] keeps a grant log of award amount, dates, restrictions, reporting deadlines and spending to date. Each grant has a class or tag in [Accounting system].
- Staff and contributor costs paid from a grant are tagged to it when approved.
- Multi-year awards are recorded as restricted and released as their conditions are met or time passes. The [Finance lead] reviews releases monthly.
- Grant reports are reconciled to the books before they are sent.
- Grant applications and the budgets in them are approved by the [Top executive]. Applications for editorial projects are also approved by the [Editorial budget holder].

N3. Functional expense allocation (Nonprofit)

Expenses are reported by function: program, management and general, and fundraising.

- Salaries are allocated by each person's time, using time records or a documented estimate reviewed each year.
- The [Top executive]'s time is allocated: [Top executive time allocation].
- The [Finance lead]'s time is allocated: [Finance lead time allocation].
- Shared costs that benefit more than one function (rent, software, insurance) are allocated in proportion to salaries in each function.

- Time spent on a restricted grant is charged to that grant first; the remainder follows the allocations above.
- The [Finance lead] reviews the allocation method each year with the accountant.

N4. Form 990 and state filings (Nonprofit)

- The [Finance lead] or the outside accountant prepares the annual return (Form 990, 990-EZ or 990-N, depending on size). It is due on the 15th day of the fifth month after the fiscal year ends, unless extended.
- The return goes to the [Top executive] for review and approval, and to the [Oversight body] before filing.
- State charitable registration renewals and attorney general filings are tracked on the compliance calendar and filed on time.
- The organization makes its three most recent Form 990 returns available on request, as required for tax-exempt organizations.

Adoption record

Record each approval of this manual and each later revision.

Version	Approved by (name and role)	Date	Signature