



# **ALCOHOLICS ANONYMOUS**

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## **INTERNAL CONTROLS POLICY**

### 1. Introduction

This policy document (the “Internal Controls Policy”) has been adopted to provide oversight regarding the activities of the volunteer responsible for bookkeeping (the “Bookkeeping Volunteer”) on behalf of the nonprofit corporation registered under California law as “ALCOHOLICS ANONYMOUS CENTRAL OFFICE OF LOS ANGELES” (the “Corporation”) and to better ensure the financial security of the Corporation.

This Internal Controls Policy should be read in conjunction with the Articles of Incorporation and Bylaws (the “Corporate Documents”) of the Corporation, and should be interpreted and applied in a manner that is consistent with both the letter and spirit of the Corporate Documents.

### 2. Bookkeeping Volunteer

Each January, or at such other time(s) as the Central Service Committee (the “CSC”) deems necessary, a person shall be appointed Bookkeeping Volunteer by a majority vote of the CSC. The Bookkeeping Volunteer shall be someone who has at least:

- two (2) years of continuous sobriety; and
- two (2) years of professional experience in the field of bookkeeping and/or accounting.

The Bookkeeping Volunteer shall at all times act in accordance with the requirements of this Internal Controls Policy and, in particular, shall be responsible for all tasks set out in the attached Appendix.

The Bookkeeping Volunteer shall serve in his or her position from February 1 of each year to January 31 of the following year, or for any fraction of that period that the CSC deems appropriate. The Bookkeeping Volunteer shall serve in this position for no more than two consecutive years.

### 3. Financial Oversight Delegate

Each January, or at such other time(s) as the CSC deems necessary, one of the duly-elected Zone Delegates shall be designated as being responsible for oversight of the Corporation’s financial and accounting matters (the “Financial Oversight Delegate”). This responsibility is in addition to all of the basic duties and responsibilities of a Zone Delegate.

The Financial Oversight Delegate shall work in coordination with the Treasurer of the Corporation to ensure appropriate oversight of the activities carried out by the Bookkeeping Volunteer, as further set out in section 4 below.

The Financial Oversight Delegate shall carry his or her designation from February 1 of each year to January 31 of the following year, or for any fraction of that period that the CSC deems appropriate.

No Zone Delegate may have the designation of Financial Oversight Delegate for more than twelve consecutive months, except in the event that the Zone Delegate is replacing someone who resigned or was removed as Financial Oversight Delegate, in which case the incoming Zone Delegate may serve out the remaining months of the person who resigned or was removed, plus one additional 12-month period (February 1 to January 31) beyond that.

#### 4. Bank Statements

The Corporation shall arrange with its bank(s) to have a copy of every bank statement delivered, either by mail or by electronic mail (or any other secure method of electronic delivery) to both:

- the Treasurer; and
- the Financial Oversight Delegate.

The Corporation will ensure that copies of bank statements are always delivered to both the Treasurer and the Financial Oversight Delegate prior to the date on which the Bookkeeping Volunteer receives copies of those statements.

The Treasurer and Financial Oversight Delegate shall each be responsible for promptly reporting to the CSC any irregularities or other issues observed in any Corporation bank statement.

#### 5. Annual Tax Filing

##### *a. Certified Public Accounting*

At least once every calendar year, the Corporation's Certified Public Accountant (the "CPA") shall conduct an review of the Corporation's accounting system and related documents (the "CPA Review"). The scope, and details of the CPA Review will be at the judgment of the CPA, and the Bookkeeping Volunteer shall work with the Treasurer and the CPA to ensure that the CPA has access to all accounting records or other information that the CPA requests.

##### *b. Treasurer Review*

At least once every calendar year, on a date that does not coincide with any date on which the CPA Review is ongoing, the Treasurer shall conduct a limited inspection of the Corporation's accounting system and related documents (the "Treasurer Review"). The date, scope, and details of the Treasurer Review will be at the judgment of the Treasurer, and may include any and all of the following:

- Inspecting all cleared checks that clear a particular month for appropriate payees and signatures and endorsements;
- Reconciling all receipts to the relevant deposit slips for three different one-week time periods;
- Reviewing all journal entries made in a two-week period and requesting an explanation for each;
- Inspecting two bank reconciliations for appropriateness;
- Reviewing one monthly budget to actual report (looking for any unusual variances); and/or

- Obtaining a report of all new Corporation vendors added in the last six months and reviewing them for appropriateness.

The date of the Treasurer Review shall not be communicated in advance to the Bookkeeping Volunteer.

Within 30 days of the conclusion of the Treasurer Review, the Treasurer shall provide a written report to the CSC summarizing the key findings of the Treasurer Review.

#### 6. Segregation of Certain Duties

The Corporation's Office Manager (or such other staff member designated by the Executive Committee) shall have sole responsibility for:

- Maintaining a written log of all cash and checks received by the Corporation, whether in person or by mail;
- Ensuring that all payments to the Corporation via electronic means (e.g. PayPal) are deposited into the appropriate bank account of the Corporation;
- Safeguarding the Corporation's petty cash and literature cash amounts in a locked box, in accordance with the amounts set out in Section XIII(i) of the Bylaws, and keeping an up-to-date record of all receipts by and payments from petty cash and literature cash; and
- Ensuring that the Corporation's blank checks are kept under lock and key and that only those with signing authority for the Corporation, in accordance with Section XIII of the Bylaws (i.e. the Treasurer, the Trustee, and the Office Manager—collectively, the "Financial Officers") have access to such blank checks.

On a weekly basis, the Bookkeeping Volunteer shall be solely responsible for:

- Depositing cash and checks received by the Corporation over the previous seven (7) days;
- Reviewing the Corporation's online records to ensure that all electronic (e.g. PayPal) payments to the Corporation have been accurately logged and deposited into the appropriate Corporation bank account by the Office Manager;
- Inspecting the record maintained by the Office Manager for petty cash and literature cash receipts and payments, and verifying that the amounts of cash for each contained in the locked box match the tally shown for each in the record; and
- Reconciling any stubs for checks signed by any of the Financial Officers with appropriate invoices or other financial records of the Corporation.

***Approved by a vote of the Central Service Committee on:***

DATE: \_\_\_\_\_

## APPENDIX

The following is a non-exhaustive list of the tasks for which the Corporation's Bookkeeping Volunteer is responsible:

- Processing accounts and incoming payments in compliance with the Corporation's policies and procedures;
- Performing day-to-day financial tracking of accounts-receivables data;
- Conducting internal calendar management, including status reminders for cash-flow visibility;
- Reconciling the accounts-receivable ledger to ensure that all payments are accounted for and properly posted;
- Updating internal tracking systems with statements and reports detailing accounts receivable status;
- Verifying accounting discrepancies;
- Resolving customer billing issues;
- In conjunction with the Office Manager; facilitating payment of invoices by applicable due dates;
- Tracking internal actuals in accordance with invoices and payments;
- Maintaining appropriate communications with, furnishing all appropriate information to, and attending all meetings requested by, the CPA, Intergroup, the CSC, and/or the Executive Committee, which includes, at a minimum:
  - Providing the CPA, in a timely manner, copies of all accounting records and other information requested by the CPA;
  - Assisting the CPA with the preparation of the Corporation's annual tax returns; and
  - Keeping the Executive Committee abreast of all payments
- Working with Information Technology vendors, staff members, and/or volunteers to set up and maintain accounting and other financial software, budgets, and inventory records.

In certain circumstances, the Bookkeeping Volunteer may also be asked by the CSC to:

- Serve as a liaison between Corporation staff members and its human resources ("HR") service provider, with respect to HR-related matters, including completing and maintaining paperwork related to hiring and terminating (e.g. onboarding/offboarding) staff members;
- Assisting the Corporation's Office Manager or any other staff member with regard to financial matters;
- Acting as a neutral third-party mediator when a dispute between or among staff members and/or volunteers arises.

In addition, it is recommended that the Bookkeeping Volunteer have the following skills:

- Proficiency in QuickBooks Online and Excel;
- Ability and willingness to become familiar with new technologies related to accounting and inventory management; and
- Customer service experience and patience.