



Jardín Botánico de Cartagena

Guillermo Piñeres

Financial Management Policies and Procedures

1. General Purpose

The purpose of these policies is to establish guidelines for developing financial goals and objectives, making financial decisions, reporting the financial status of the Fundación Jardín Botánico “Guillermo Piñeres”, and managing the Fundación Jardín Botánico “Guillermo Piñeres” funds.

2. Financial Responsibilities

It is the responsibility of the Board of Directors to formulate financial policies and review operations and activities on a periodic basis. The Board delegates this oversight responsibility to the Treasurer of the Board and the Finance Committee of which the Treasurer is the Chair. This responsibility is shared through delegation with the CEO and the Head of Finance (or CFO). The Fundación Jardín Botánico “Guillermo Piñeres” CEO acts as the primary fiscal agent, implementing all financial policies and procedures. The CEO, with oversight of The Finance Committee is responsible for the coordination of the following: Annual budget presentation, management of the Endowment and other fund investments, selection of the outside auditors, and approving revenue and expenditure objectives in accordance with the Board approved long-term plans. The Head of Finance with oversight by the Finance Committee has the day-to-day operations responsibility for managing Agency funds, ensuring the accuracy of the accounting records, internal controls, financial objectives and policies, financial statement preparation, and bank reconciliation review and approval. The Accountant is directly supervised by the Head of Finance and is responsible for the preparation of the Chart of Accounts, Reporting Formats, Accounts Payable Processing, Payroll input and Payroll processing, Cash Receipts input, Journal Entries for General Ledger, reporting and Bank Reconciliations.

3. Conflict of Interest

Members of the Board of Directors are prohibited from activities that might present conflicts of interest. The powers of directorship may not be used to personally benefit the Director at the corporation’s expense. If a Director has a financial interest in a corporate transaction, the Director must fully disclose the interest and abstain from voting. Loans to Directors are prohibited.

4. Budgeting Process

The Fundación Jardín Botánico “Guillermo Piñeres” CEO, the Head of Finance, and the Treasurer shall be responsible for presenting to the Executive Committee and other Board Committees an annual operating budget draft sixty (60) days prior to the end of the fiscal year and thirty (30) days prior to its submission to the Board of Directors. The Finance Committee shall review and approve the recommended fiscal year budget revenues, expenditures and cash flow, and submit it for approval to the Board of Directors. The

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budget shall contain revenues and expenses forecasted by month. A chart describing monthly cash flow shall be included.

5. Financial Statements

The Agency's financial statements shall be prepared on an accrual basis in accordance with Generally Accepted Accounting Principles ("GAAP"). The presentation of the Financial Statements shall follow the recommendation of the International Financial Reporting Standards IFRS. Under GAAP, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the agency and changes shall be classified as unrestricted, temporarily restricted and permanently restricted. Separate from Unrestricted Funds, resources for various purposes are classified for accounting and maintained for each fund. Several funds are in place for this purpose including but not limited to: Endowment Fund, Restricted Funds, Cash Management Fund, Property and Equipment Fund, etc. The Head of Finance shall prepare and present Monthly Financial Statements in a format approved by the Agency CEO and Finance Committee. The statements shall be presented to the Agency CEO, senior management, and the Finance Committee for review.

6. Cash Fund

A cash fund of one-quarter to one-third of the Agency's annual operating expenses shall be maintained. When the fund balance falls below this minimum, the Finance Committee and the Board shall develop a plan and budget for rebuilding it.

7. Statutory Auditor

The Agency will have an audit of its financial statements, the statutory auditor must ensure that the operations carried out in the name of the company are in accordance with the requirements of the bylaws, the decisions of the general assembly and the board of directors. Presented in a timely manner, in writing, to the assembly or board of partners, the board of directors or the administrator, as the case may be, the irregularities that occur in the operation of the company and in the development of its business. Collaborate with government entities that can perform the inspection and monitoring of companies and presentations of the reports they can do or seek. It will guarantee that the accounting of the company and the minutes of the meetings of the assembly, the board of the partners and the board of directors, and why keep the correspondence of the company and the vouchers of the companies, are carried out in a manner periodical accounts, imparting the necessary instructions for the stories. Will assiduously inspect the assets of the company and will ensure the measures of preservation or security of the same and those in custody and other title will be taken in a timely manner. Give instructions, practice inspections and request reports that authorize with your own signature that is compatible with your opinion or report. Convene the assembly or board of members to extraordinary meetings when it deems necessary. Comply with the other attributions indicated by the laws or statutes and those, compatible with the previous ones, entrust the assembly or board of partners.

8. Revenue and Income Procedures

The Fundación Jardín Botánico “Guillermo Piñeres” CEO in conjunction with the Vice President of Fund Development, and the Head of Finance, develops and proposes revenue goals and objectives and submits them to the Fund Development Committee prior to Board discussion and approval. All contributions shall be recorded in accordance with GAAP. Contributions are recorded as pledged or received in accordance with NIIF, and must be credited to the appropriate revenue lines as presented in the annual budget and coded with the appropriate account number as designated in the Agency’s Chart of Accounts.

9. Recording Receipts

The following procedures for cash received through the mail or given to a staff person shall be in place: Mail should be opened by a staff person that is not involved in the accounting function. All checks shall be endorsed with the Fundación Jardín Botánico “Guillermo Piñeres” official stamp. All cash and checks received through the mail shall be forwarded to the designated staff in the Fund Development Department, or other staff not involved in the accounting function. This person records all checks and cash by date, name of company or individual, designation, and amount. After recording checks, or cash, they are forwarded to the accountant who records it for accounting purposes. An individual deposit ticket shall be prepared with triplicate copies, bearing a different designation of each account. That record shall include date of deposit, name of sender, amount, and designation. A copy of the bank deposit slip is retained in chronological order with copies of the deposited checks. All cash and checks shall be deposited the same business day if possible, and no later than the next business day into the Fundación Jardín Botánico “Guillermo Piñeres” Bank Account. The same procedures followed for cash receipts shall be followed when monies are received by employees as contributions for special events. Gifts received electronically, such as stock transfers or on-line contributions should be properly recorded by a staff person in the Fund Development department, and by the Accountant. Transactions should be periodically rechecked by the Head of Finance. The Accountant shall make the appropriate entries in the General Ledger books. The Accountant shall reconcile all logs of incoming cash/checks with the deposit slips, and with the record of receipts maintained by the Fund Development organization.

10. Receipts to Donors

The Vice President of Fund Development shall ensure that all donors and contributors shall receive proper acknowledgement of their contributions in accordance with DIAN Guidelines.

11. Expenditures Procedures

All expenditures shall be approved by the Fundación Jardín Botánico “Guillermo Piñeres” CEO or a Vice President. All expenditures shall be coded by account number using the Fundación Jardín Botánico “Guillermo Piñeres” Chart of Accounts. The Accountant maintains standard accounting records containing all aspects of the Agency’s financial operations. They include but are not limited to: A general ledger, a check register, and a payroll register. Invoices shall be approved by either the CEO or a Vice

President. Following the review and approval, check payment vouchers shall be prepared and the invoices shall be distributed to the Fundación Jardín Botánico “Guillermo Piñeres” Accountant for check payment preparation. Upon payment of a bill, a copy of the check or duplicate of stub shall be stapled onto the bill and payment date and check number shall be printed on the invoice. The paid invoices shall be filed alphabetically according to company/individual name and shall be kept on a fiscal year basis on file.

12. Signature Policy

Fundación Jardín Botánico “Guillermo Piñeres” legal representative and/or alternate legal representative shall unless otherwise decided by the Board, sign all checks, drafts, or orders for payment of money, contracts, and commitments for services issued in the name of the Agency. In the absence of either individual, the signature of the Chair of the Board must be obtained.

13. Compensation and Payroll

Payroll is executed periodically. Paychecks or direct deposits will be provided to each employee by the Accountant. Monthly payroll expenses shall be verified by the accountant against payroll reports and direct deposit reports and reconciled with checking account reports. The compensation of the Fundación Jardín Botánico “Guillermo Piñeres” CEO shall be determined by the Board of Directors or their designees and CEO compensation is based on a board-approved process that considers comparable data and CEO performance. The salaries of all other employees shall be determined by the Fundación Jardín Botánico “Guillermo Piñeres” CEO. Compensation ranges for all staff positions shall be approved by the Fundación Jardín Botánico “Guillermo Piñeres” CEO. No employee of the Fundación Jardín Botánico “Guillermo Piñeres” may be compensated outside of the approved range, without the approval of the CEO.

14. Local Travel and Expense Reimbursements

Employees must abide by the Fundación Jardín Botánico “Guillermo Piñeres” Travel and Expense policy. Travel and expense reports for mileage, meals, hotel, supplies, etc., will be maintained by each employee and then submitted to the supervisor for approval and payment on a weekly basis by the Accountant. Mileage to and from the employee’s residence to the place of work will not be paid by the Agency. Reimbursements will be based on the travel rate established by the CEO and the Head of Finance and approved through the budgeting process. Travel reimbursement shall not be above DIAN Guidelines. All parking and other expenditure receipts must be attached to the expense voucher as a condition for payment.

15. Credit Card Expenditures

The Head of Finance will approve the issuance of a company-issued credit card for employees who travel frequently. Employees must utilize that card only for business travel. Employees must submit a voucher that explains the business reason for items purchased using the credit card. The direct supervisor must approve the voucher, which is then submitted to the Accountant for recording and reconciliation.

16. Purchasing

Any expenditure in excess of an amount determined by the Board of Directors for the purchase of a single item should have bids from three (3) suppliers if possible. These bids are reviewed by the Head of Finance and the bid award must be specifically approved in advance by the Fundación Jardín Botánico “Guillermo Piñeres” CEO and the Head of Finance. Purchase of less than the approved amount may be made at the discretion of the CEO or Head of Finance without competitive bids. However, for fixed assets, reasonable diligence should be exercised to comparatively shop for available sources. Any purchase made by a Board member on behalf of the Agency will require prior approval by the CEO.

17. Leases and Other Contractual Agreements

Leases and other contractual agreements are negotiated by the Head of Finance and executed with the approval of the CEO. New leases in excess of an amount determined by the Board of Directors require the approval of the Finance Committee. The Fundación Jardín Botánico “Guillermo Piñeres” CEO and the Head of Finance are authorized to develop and enter into contractual agreements with vendors, bankers, and third parties for the purpose of ensuring the Fundación Jardín Botánico “Guillermo Piñeres” general operations. The Finance Committee shall review such agreements and make recommendations when necessary.

18. Notes, Loans, etc.

All notes, loans and other indebtedness to be contracted in the name of Fundación Jardín Botánico “Guillermo Piñeres” (except open accounts and all other routine banking transactions), shall require the signature of the CEO, unless otherwise specified by the Board or established in the present management policies and procedures. All indebtedness must be approved by the CEO.

19. Deeds, Conveyances, etc.

The Fundación Jardín Botánico “Guillermo Piñeres” CEO and the Head of Finance shall execute all Deeds, Conveyances, Mortgages, Leases, Contracts and other instruments in the name of the Agency.

20. Bank Accounts and Investment Accounts

The Head of Finance shall maintain and oversee Bank and Investment accounts, and ensure the Fundación Jardín Botánico “Guillermo Piñeres” day-to-day financial operations. Several accounts may be maintained by the Fundación Jardín Botánico “Guillermo Piñeres” as follows:

1. Checking Account
2. Money Market Account
3. Certificates of Deposit
4. Brokerage Account

These accounts may be changed as the Fundación Jardín Botánico “Guillermo Piñeres” financial conditions and requirements change.

21. Checking Account

All checks, cash, money orders, and credit card deposits, are reviewed by the Accountant and deposited in the appropriate Accounts. Fund raising events, foundations and corporate donations and miscellaneous contributions, shall be deposited into the accounts. Monies shall be transferred from the Checking account into the Money Market Account or the investment account when necessary, by the Head of Finance. Checks are written weekly to meet obligations, or ongoing operational expenditures.

22. Bank Reconciliations

Bank reconciliations shall be completed monthly by the Accountant and cross-referenced with the cash and receipts logs and the monthly Financial Statements. The Financial Statements shall be compiled by the Head of Finance. The Statements shall be then reviewed by the Fundación Jardín Botánico “Guillermo Piñeres” CEO and presented to the Finance Committee. All Bank Statements, Credit Card Statements, and Endowment Fund Reports will be reconciled every month by the Accountant, and records will be kept in the Finance office.

23. Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of six months or less. The Fundación Jardín Botánico “Guillermo Piñeres” places its temporary cash investments with highly rated financial institutions. The Head of Finance shall closely monitor the balances of the Checking account, Money Market and Certificates of Deposit accounts.

24. Petty Cash

A petty cash fund provides a systematic method for paying and recording out-of-pocket cash payments too small to be made by check. The Agency shall maintain a One million pesos (\$1.000.000 COP) petty cash fund that is replenished as needed. The Accountant shall maintain control of, and responsibility for, payments disbursed from the Petty Cash fund; however, amounts should not exceed an amount determined by the Board of Directors for each transaction. The total Fund should not exceed an amount determined by the Board of Directors.

25. Investments Reports and Investments Policy

Investments shall be reported with the monthly financial statements at cost or market value. The Fundación Jardín Botánico “Guillermo Piñeres” CEO and Head of Finance, with oversight of the Finance Committee, shall review and determine the general investment strategy for all funds. The philosophy of the Fundación Jardín Botánico “Guillermo Piñeres” short-term investments is safety of principal and liquidity. The Endowment Fund investment strategy shall be reviewed and evaluated by the Finance Committee annually, to ensure the portfolio’s proper diversification, security and return on investments. All financial institutions shall be selected and approved by the Finance & Legal Committee.

26. Insurances

Reasonable and adequate coverage will be maintained to protect the Fundación Jardín Botánico “Guillermo Piñeres” interests as well as the Board of Directors and the Fundación Jardín Botánico “Guillermo Piñeres” employees. Insurance Policies shall be carefully reviewed by the Fundación Jardín Botánico “Guillermo Piñeres” CEO and Head of Finance before renewal each year.

27. Property and Equipment

Property and equipment shall be stated at historical cost. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. A Depreciation schedule shall be prepared and maintained by the Fundación Jardín Botánico “Guillermo Piñeres” Head of Finance on an annual basis, taking into consideration the annual equipment inventory. A Property Removal Form shall be required for the removal of the Fundación Jardín Botánico “Guillermo Piñeres” property, supplies, and/or equipment from the Fundación Jardín Botánico “Guillermo Piñeres” premises.

28. Equipment Installation

Purchase, installation and maintenance of telephone equipment, telephone lines, office equipment, computer equipment, etc. shall be approved by the Head of Finance after discussion and approval by the Fundación Jardín Botánico “Guillermo Piñeres” CEO. Staff Members and other managers shall be responsible for receiving and supervising the installation of equipment scheduled for their facility or working area, and for maintaining and protecting the equipment installed in their offices.

29. Donated Materials and Services

Donated materials and equipment shall be reflected in the Financial Statements at their estimated values measured on the date of receipt. Volunteers donate time to the Fundación Jardín Botánico “Guillermo Piñeres” Program services on an on-going basis. Other volunteers contribute time and services for Administrative or fundraising activities. Such contributed services are generally not reflected in the Agency’s financial statements, since there is no objective way of assessing their value.

30. Confidentiality and Records Security

Financial records are restricted materials with limited access. Only the Head of Finance and Accountant (or others so authorized) shall have access to financial records (vendor files, checks, journals, payroll, etc.).

31. Document Retention

Financial documents are retained for a period of time in keeping with Colombian law and the recommendations of the DIAN.

Appendix Effective Systems of Internal Control

General

Internal control can be divided into two areas: accounting controls and administrative controls. Administrative controls deal with the operations of the business, whereas the accounting controls deal with accounting for such operations. Accounting controls should be designed to achieve the five basic objectives:

Validation

Validation is the examination of documentation by someone with an understanding of the accounting system, for evidence that a recorded transaction actually took place and that it occurred in accordance with the prescribed procedures. As systems grow more sophisticated, validation is a built in component whereby the transactions test themselves against predetermined exceptions.

Accuracy

The accuracy of amounts and account classification is achieved by establishing control tasks to check calculations, extensions, and additions and account classifications. The control objective is to be certain that each transaction is recorded at the correct amount, in the appropriate, account, in the right time period.

Completeness

Completeness of control tasks ensures that all transactions are initially recorded on a control document and accepted for processing once and once only. Completeness controls are needed to ensure proper summarization of information and proper preparation of financial reports. To ensure proper summarization of recorded transactions as well as a final check of completeness, subsidiary ledgers and journals with control accounts need to be maintained.

Maintenance

The objective of the maintenance controls is to monitor accounting records after the entry of transactions to ensure that they continue to reflect accurately the operation of the business. The control system should provide systematic responses to errors when they occur, to changed conditions, and to new type of transactions. The maintenance function should be accomplished principally by the operation of the system itself. Control maintenance policies require procedures, decisions, documentation, and subsequent review by a responsible authorized individual. Disciplinary control tasks, such as supervision and segregation of duties, should ensure that the internal control system is operating as planned.

Physical Security

It is important in all business organizations that the assets are adequately protected. Physical security of assets requires that access to assets be limited to authorized personnel. One means to limit access to both assets and related accounting records is through the use of physical controls. Protection devices restrict unauthorized personnel from obtaining direct access to assets or indirect access through accounting records that could be used to misappropriate assets. Locked storage facilities restrict access to inventories, and fireproof vaults prevent access to petty cash vouchers. Transaction recording equipment limits access to assets by limiting the number of employees involved in recording and posting transactions.