



Internal Controls: Best Practices for Political Campaigns in New York City

This document describes standard financial controls and procedures that can help you protect and manage your campaign's assets effectively.

TABLE OF CONTENTS

- I. Introduction
- II. Internal Control Environment
- III. Bank Accounts
- IV. Contributions
- V. Expenditures
- VI. Petty Cash
- VII. Staff Wages & Consultant Fees
- VIII. Recordkeeping
- IX. C-SMART
- Appendices (sample forms)

I. INTRODUCTION

Under the New York City Campaign Finance Act and the Rules of the Campaign Finance Board (CFB), all campaigns must file accurate and complete disclosure statements supported by detailed documentation. *A system of internal controls* can increase the accuracy of your campaign's reporting and improve your campaign's compliance with the Act and Rules.

This document is designed to give you specific tips and helpful hints for creating a system of internal controls to increase compliance. *Please Note: This document supplements — but does not replace — the [Campaign Finance Handbook \(Handbook\)](#), any provision of the Campaign Finance Act, or any CFB Rule.*

The CFB *highly recommends* that you implement as many of these practices as you possibly can, within the practical realities of your campaign's operation.

Who Should Use This Document?

Both the candidate and the treasurer of a campaign are legally responsible for creating the necessary control procedures to ensure a campaign's compliance with the Act and Rules. **This document is written primarily for treasurers.** However, candidates and other people responsible for the campaign's finances should also be familiar with these best practices to ensure that the campaign's system is effective.

What is Internal Control?

Internal control is a *process* to help an organization:

- Operate effectively and efficiently

- Produce reliable financial reports
- Comply with laws and regulations
- Protect the organization's assets

Job descriptions, written procedures, filing systems, and budgets are examples of common internal control tools. They can contribute to the effective and appropriate use of campaign funds. However, even the best system can provide only *reasonable*, not absolute, assurance that funds will be used appropriately. Any system may be defeated either accidentally or intentionally. Well-designed procedures reduce the risk that errors or intentional acts will occur or go undetected.

A *lack* of internal control and oversight can create an environment that contributes to misspent funds, incomplete campaign records and inaccurate reporting to the CFB. This can increase the likelihood of financial penalties for the candidate, treasurer, and committee.

To help you get the benefit of internal controls, the CFB has identified best practices for campaigns to consider.

Are These Suggestions or Requirements?

These are **highly recommended** best practices to help you protect your campaign's assets and comply with the Campaign Finance Act and CFB Rules.

These best practices are designed to prevent common weaknesses and errors that the CFB has identified based on its experience. They do not represent an exhaustive list of all possible controls. For example, standard office organization, personnel supervision, and accounting procedures are not discussed here, although they are essential for any well-run and compliant campaign. Each campaign must identify and implement all procedures and tools necessary to protect the campaign's financial assets and to ensure compliance with the law.

Please Note: During the election year, the CFB Audit Unit may conduct compliance visits to campaign offices. These visits will include spot-checks of some basic internal control systems and processes. Campaign representatives may be asked about the types of controls described in this document. The Candidate Services Unit (CSU) and the Audit Unit will give campaigns additional information about what else may be required during these visits.

What About Small Campaigns?

If your campaign is a small operation staffed mostly by volunteers, or with a low level of financial activity, you might think you do not have time to create a system of controls. However, without controls, you risk violating the Act and Rules. Simple, inexpensive internal controls can provide reasonable assurance that funds will not be misused. Many of the best practices are straightforward and easy to implement.

Helpful Hint:

Some campaigns are officially designated as "Small Campaigns," which allows them to follow simplified reporting requirements. Please see [Chapter 4](#) of the *Handbook* or contact your CSU liaison for more information about this formal designation.

It is in your best interest to create internal control procedures. Remember, the main goals are to:

- ❖ Manage your campaign funds effectively
- ❖ Prevent or quickly detect any errors (intentional or unintentional)
- ❖ Submit complete and accurate disclosure statements and supporting documentation

II. INTERNAL CONTROL ENVIRONMENT

Both the **candidate** and the **treasurer** are legally responsible for the overall conduct of the campaign and for every detail of the campaign's financial system. The candidate and the treasurer must create an internal control environment to ensure the appropriate use of the campaign's money, accurate recordkeeping and complete documentation of all transactions.

There are three key types of internal controls. While the time-sensitive and unpredictable nature of campaign work will occasionally require campaign workers to pitch in and help with a given task, setting up and maintaining these controls will help the campaign comply with CFB requirements.

- ❖ **Assign financial duties so that no single individual has complete control over transactions.** This is **the key component** in any internal control system. Without adequate separation (also called "segregation of duties"), it is very difficult to be sure that the campaign is meeting its internal control goals. As part of this process, campaigns should build in steps for independent quality review or spot-checking of financial transactions. Think of these as the *checks and balances* in your system. For example, if at all possible, the person who enters contribution transactions into C-SMART should not also be responsible for depositing those contributions into the campaign's bank account. Another simple control is to have someone double-check all bill payments before the checks are mailed out to vendors.
- ❖ **Provide proper training and guidance to relevant staff.** It is vital that each assigned person be trained in the tasks required to manage and control campaign assets and to comply with the law. Here are four steps to take:
 - a) Create simple and clearly written job descriptions so that each person knows just what he or she is supposed to do. Focus on the main functions and expectations for each position.
 - b) Send the appropriate staff members to a CFB training session, and ensure that they keep CFB educational materials handy, especially the *Handbook*.
 - c) Whenever possible and practical, use written procedures, checklists, helpful hints and tips, reminders and regular meetings to ensure that volunteers and staff members are following the steps developed by the campaign treasurer, manager and other responsible individuals.
 - d) If practical, assemble these job descriptions and procedures into binders, and post them on office bulletin boards or walls, to remind employees and volunteers how to comply with the Act and Rules.

- ❖ **Limit the number of people who have access to any accounting function, assets or records system.** Ideally, a campaign should use the smallest number of people needed to accomplish the work and still keep a separation of duties. These can be paid staff members or responsible volunteers. They should understand the importance of control procedures and their role in ensuring accurate reporting and documentation of all financial activities. For example, authorize only a few responsible people to sign checks; allow only designated workers to handle cash; assign selected staff members to work with C-SMART, etc.

These three elements of a successful control environment are the foundation for the best practices described in this document.

The Control Environment for Small Campaigns

In a small campaign, as few as two or three people may process, record and report transactions. It may be reasonable for campaigns with limited staff to have one person carry out these duties. With careful planning and assigning of duties, you can create a basic, workable internal control system with very few people. If your campaign staff is small, it's still very important to keep some level of separation of duties and independent review. For example, one person might process the daily transactions and another person might review draft disclosure statements.

III. BANK ACCOUNTS

- ❖ Use one primary checking account for the campaign where all contributions are deposited and all expenditures are made. Having daily transactions flow in and out of only one account will help you keep track of campaign assets and properly document all transactions.
- ❖ Authorize only the treasurer or his/her designee to open and close bank accounts. These people should be specifically identified in bank documents. Keep copies of these documents.
- ❖ Limit the number of people who can sign checks or make withdrawals. For smaller campaigns, consider authorizing no more than one or two signers; for larger campaigns, consider authorizing two or three people. Do not use signature stamps.
- ❖ For checks above a certain dollar amount, require signatures on the check from *two* responsible individuals. For smaller campaigns, the recommended amount for this additional level of approval is \$1,000; for larger campaigns, \$5,000 is the recommended level.
- ❖ Protect debit and credit cards carefully, including PIN numbers. They represent easy access to campaign assets. The campaign's bank or credit card issuer may be helpful in this regard. It may be possible to place dollar restrictions on cards, both on a per-transaction basis and a cumulative limit. Limits can also be placed on cash withdrawals using the cards. (Note: Your campaign is limited to a petty cash fund of no more than \$500. See *Section VI*, below.)

- ❖ Prepare itemized deposit slips. Deposit cash *separately* from checks. Each deposit slip should list each check individually. Keep copies of deposit slips.
- ❖ Get access to online banking. It will help you view your account's financial activity at any time, print scanned copies of cancelled checks and review bank statements as needed. Protect your username and password.
- ❖ The person who reconciles the bank statement should **not** also sign checks or control the checking account. The individual responsible for reconciling the account should receive the bank statement unopened.

Important Note: This one step is vital. Assign one person to process transactions in C-SMART and another person to reconcile the bank accounts. This can prevent or quickly reveal misappropriations and inaccurate reporting. It is also an **excellent way** to discover errors and omissions that occur accidentally.

- ❖ Reconcile your bank statements, accounting records, backup documentation, and the draft disclosure statement before filing each disclosure statement using C-SMART.

Helpful Hint:

| | | |
|----------------|-------|------|
| Submission | Admin | Help |
| Submission | Draft | |
| Amendment | Final | |
| BOE Submission | | |

C-SMART's **draft submission** feature allows you to complete this reconciliation easily. Two or three days *before* each Filing Day, print out and review a draft copy of your disclosure statement to ensure that all your contributions and expenditures have been entered properly. Compare the transactions to your records. Refer to [A Step-By-Step Guide to Filing](#).

Use this drop down to select the schedules you want to review.

Select: CFB Cover Sheet

Save/Print Cover & Summary Save/Print All Schedules

Save or print each schedule for your records.

Submission **DISCLOSURE STATEMENT - COVER SHEET**

| | | | | |
|---------------|-------------|--------|--------------|---------------------------------|
| ELECTION YEAR | CAND/COM/ID | BOE ID | STATEMENT NO | STATEMENT PERIOD DATES |
| 2013 | 1389 /H | C42289 | 5 | From: 01/12/2012 To: 07/11/2012 |

IDENTIFICATION

Rosario, Sophia Sophia 2013
 CANDIDATE NAME (LAST) (FIRST) AUTHORIZED COMMITTEE NAME
 Davis, Alexis
 COMMITTEE TREASURER NAME (LAST) (FIRST) Termination Report Date last liability paid

MATCHING AND THRESHOLD CLAIMS

| | |
|-----------------------------|----------------------------------|
| DOLLAR AMOUNT: | NUMBER OF RESIDENT CONTRIBUTORS: |
| THIS PERIOD \$0 | THIS PERIOD 0 |
| TOTAL FROM PRIOR PERIOD \$0 | TOTAL FROM PRIOR PERIOD 0 |
| TOTAL TO DATE \$0 | TOTAL TO DATE 0 |

STATEMENT INVENTORY

| | NUMBER OF TRANSACTIONS | TOTAL DOLLAR AMOUNT | | | |
|-----------------------------------|------------------------|---------------------|------------|-------------------|------------|
| | | TOTAL | UNITEMIZED | MATCHING / EXEMPT | ITEMIZED |
| MONETARY CONTRIBUTIONS (SCH. ABC) | 1 | \$2,250.00 | \$0.00 | \$0 | \$2,250.00 |
| IN-KIND CONTRIB/EXPEND (SCH. D) | 0 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| OTHER RECEIPTS (SCH. E) | 0 | \$0.00 | \$0.00 | | \$0.00 |
| EXPENDITURE PAYMENTS (SCH. F) | 1 | \$100.00 | \$0.00 | \$0.00 | \$100.00 |
| TRANSFERS IN (SCH. G) | 0 | \$0.00 | | | \$0.00 |

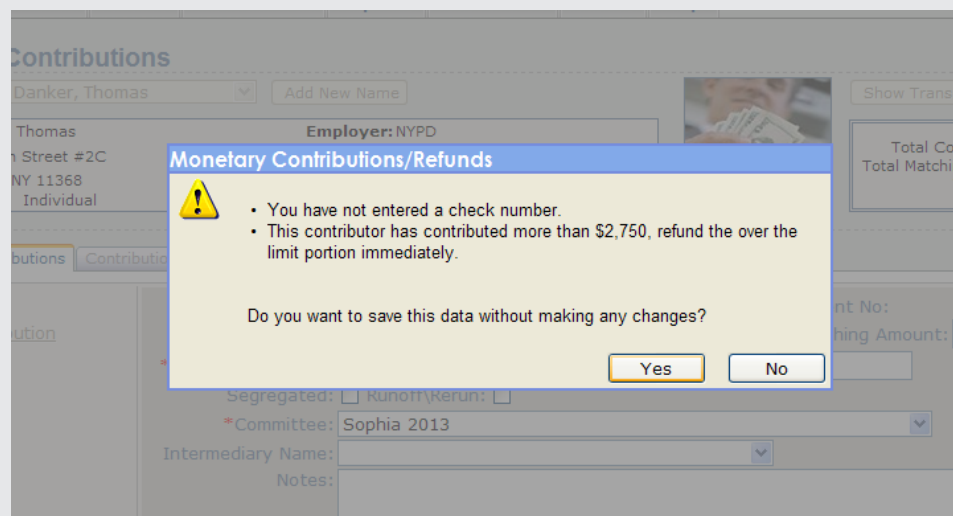
IV. CONTRIBUTIONS

- ❖ Create procedures for handling contributions correctly; some recommended steps appear in this section and in [Chapter 2](#) of the *Handbook*. Make sure these procedures are clearly posted and/or available in a binder for all staff members who are handling contributions.
- ❖ The employee responsible for opening the mail should:
 - a) Open the mail everyday. If your committee uses a P.O. Box, be sure to collect the mail frequently.
 - b) Stamp restrictive endorsements, such as *For Deposit Only to the Account of Name of Committee, Account #12345*, on all checks received.
 - c) Put all funds received into an envelope or folder and give it to the person responsible for C-SMART data entry.

- ❖ Ensure that all checks and contribution cards are completely filled out and signed by the contributor.
- ❖ Copy all checks, money orders, and contribution documents, in accordance with the *Handbook (Chapter 2)* (and see *Section VIII, Recordkeeping*, below).
- ❖ In the election year, contributions must be deposited in the committee's bank account **or** rejected and returned to a contributor **within 10 business days of receipt**. Use this time to determine whether each contribution is allowed, prohibited, or over the contribution limit.
- ❖ Enter information about funds received into C-SMART *before* depositing the funds in the bank. During data entry, double-check the spelling of contributors' names.

Helpful Hint:

When you enter a contribution into C-SMART and C-SMART alerts you that the contribution is over-the-limit or puts the contributor's total over-the-limit, you can return the check without ever depositing it. Make sure you do not save the contribution in C-SMART, since you will not be depositing it into the bank.



- ❖ C-SMART will generate a transaction ID for each contribution entered. Note this number on the contribution documentation — checks, money orders, and contribution cards.
- ❖ If a contribution is prohibited or over the allowable limit and has already been deposited, refund the amount promptly by bank check or a certified check. **Make a copy** of the refund check for your records; it will be requested by the Audit Unit. Remember to report the refund at the bottom of the contribution screen in C-SMART.
- ❖ Keep funds that are awaiting deposit in a locked cabinet at all times.
- ❖ Create a secure location for physically handling cash. Consider the need for privacy and discretion whenever cash is counted.

- ❖ Deposit cash separately from checks and money orders. Each deposit should have a detailed deposit slip listing each check and money order or the total amount of cash included in that deposit. Keep a copy of the itemized deposit slip in your files.

Helpful Hint:

CFB staff will request copies of detailed deposit slips during your audit, during the compliance visit, or if concerns about cash arise at any point during the election cycle.

- ❖ Deposit cash into your committee's bank account **daily**, if at all possible. *Note: As stated above, CFB Rules allow campaigns up to 10 business days to deposit cash, but the best practice is to deposit it more frequently. Cash is the **most vulnerable** asset. Internal control processes governing the handling of cash must be particularly rigorous.*
- ❖ Deposit all cash. Cash contributions should never be put into the petty cash fund.

Helpful Hint:

If your committee is accepting credit card contributions, please refer to the CFB's [Credit Card Guidance Document](#) for disclosure and recordkeeping practices.

- ❖ At least monthly — more often as the election approaches — a responsible campaign staff member should compare: (1) the total amounts recorded in C-SMART for that month and (2) the total in receipts on your bank statement.
- ❖ For contributions received at campaign fundraisers or other events, prepare a written log of all checks, cash, money orders, and credit cards *as the contributions are made*. The log should include:
 - Date and location of the event
 - Name of the person preparing the log
 - Contributor name (*Note: Double-check the spelling. This can prevent problems later.*)
 - Type of contribution: check, cash, money order, credit card
 - Check/money order number
 - Amount
 - A reminder to check for proper documentation (e.g., a contribution card, properly completed by the contributor, including employment information)

See Appendix A for a sample Campaign Event Contributions Log.

After the event, promptly submit all funds and logs to the person(s) responsible for C-SMART data entry.

CFB Rule 4-01(i) describes the records that the campaign must keep for every fundraising event, including information on contributions and expenditures.

Helpful Hint:

It can be difficult to follow proper procedures while a campaign event is in progress, but it's *extremely important* to do so. Consider these steps to ensure accuracy and to prevent potential compliance problems later:

Before the event

- ✦ Assign specific tasks to responsible campaign staff.
- ✦ Prepare a written checklist of documentation requirements for contributions.

During the event

- ✦ At the event, use your checklist to do a quick **quality control** review of every contribution. Does the contribution comply with all requirements? Immediately ask the contributor about any missing or unclear information. If there's a problem, you can easily return the improper contribution on the spot and/or have the contributor fix the error.
- ✦ Use the **Contributions Log** form (or a similar method) and total the receipts after each event. The subtotals of each contribution type should match the actual amount of contributions received.
- ✦ Have **two people separately** count all cash received.

After the event

- ✦ Have two people independently count the cash, checks and money orders and add the total receipts. If there are discrepancies between the two counts or the record on your log, immediately identify the causes and begin any necessary work to correct them.

Important Note: Properly documenting contributions with complete, accurate contribution cards—filled out at the time the contribution is made—is a fundamental internal control. Contributors must fill out their cards completely, by themselves, when they make the contribution. (See [Chapter 2](#) of the *Handbook*.)

Do not change the dates or amounts on contribution cards. Altering a contribution card, even for what you think is an innocent reason, may cause the CFB to raise questions of possible fraud, which can delay payment of public funds, and may lead to monetary penalties.

If you have any question about how to properly document a contribution, call your CSU liaison at 212-409-1800.

V. EXPENDITURES

- ❖ Create procedures for making payments correctly; some recommended steps appear in this section and in the *Handbook* ([Chapter 3](#)). Make sure these steps are clearly posted and/or available in a binder for staff members who are making payments. Even if only one person (for example, the treasurer) is authorized to make payments, it can be helpful to have a clear summary of procedures to follow when the campaign is very busy.
- ❖ Use committee checks or debit cards for all payments. This will reduce the need to use cash; cash is your campaign's most vulnerable asset. In addition, cash payments cannot be qualified. Committee checks and debit cards are the best way to keep a documented record of how your campaign's money is spent. This documentation will be reviewed during the post-election audit.
- ❖ To reduce the need for starter checks, use a committee debit card. Stop using starter checks when your numbered checks arrive, and destroy any unused starter checks.
- ❖ Use only one checkbook. Use only pre-numbered checks, in numerical order.
- ❖ Keep your unused checks in a safe place and investigate immediately if any are missing.
- ❖ Do not use pre-signed or "blank" checks (where the payee line is left blank, to be filled in later).
- ❖ If a vendor needs a replacement check, void the original check in C-SMART **and** in your check register. Review your bank statements carefully to ensure that the original check was not presented to the bank for payment.
- ❖ Require every vendor and service provider to give the campaign a legible, detailed invoice (bill) when an order is placed, *even if you will receive the product or service later*. The invoice must be addressed to your **committee** (not to the candidate) and should include:
 - Date of the invoice
 - Vendor's name and business address
 - A detailed description of what the vendor did (or will do) for the campaign
 - Price per unit
 - Total amount due
 - Other information as necessary

This information will help CFB auditors understand what the expenditure was for. Detailed invoices will confirm the accuracy of the campaign's disclosure statements.

See [Chapter 6](#) of the Handbook for sample invoices.

- ❖ If a vendor requires the campaign to pay a deposit (or pay in full) before the vendor provides the product or service, be sure to obtain a document with the same detailed information noted above. It should also include the amount already paid by the campaign and the balance to be paid, if any, when the good or service is provided.

- ❖ Keep *unpaid* bills separate from invoices that have already been paid. Make sure you can easily find the unpaid bills. This will help make your check-writing process more efficient and will help you avoid late payments.
- ❖ Ensure that invoices (bills) have been properly documented and approved by the candidate, treasurer or campaign manager before payment is made. Documentation should include:
 - A detailed original invoice
 - Evidence that the goods or services were received
 - Proof that the purchase was properly authorized

Helpful Hint:

A check authorization form for the campaign's internal use can help ensure that appropriate information and signatures are recorded for each check. **See Appendix B for a sample form.**

Important Note: Properly documenting expenditures with original invoices and appropriate signatures is a **fundamental** internal control.

Do not backdate documents to attempt to show proper approvals.

Do not create invoices for vendors or suppliers.

Do not create invoices after the fact.

Do not create receipts.

These actions may be considered fraud. The Board may assess harsh financial penalties for such actions and may require the repayment of public funds. If you have any question about how to properly document an expenditure or need to address an issue of missing documents or information, call your CSU liaison at 212-409-1800.

-
- ❖ Mail all checks promptly and directly to the payee. The person mailing the check should be independent of those requesting, writing and signing it. In small campaigns, it may not be possible to segregate these duties entirely, but you should take care to ensure adequate oversight and approvals to prevent errors or misuse of funds.
 - ❖ If a campaign staff member plans to hand-deliver a check, he or she should sign for the check upon taking possession of it. This signature can be included on a check authorization form.
 - ❖ When making a purchase, obtain a detailed receipt (proof of payment), even for small purchases.
 - ❖ Keep invoices (bills) and receipts for all purchases, including credit and debit card transactions. If at any time you become aware that an invoice is missing or incomplete, request a replacement invoice from the vendor.

- ❖ Every invoice (bill) should be stamped or marked “Paid” when it has been paid. This will help you avoid double payments or inaccurate payments.
- ❖ Some requests for payment, like office rent, are not normally accompanied by an invoice. In these cases, request a receipt from the payee when possible. At a minimum, these payments should be authorized by a responsible official.
- ❖ Record each expenditure in C-SMART as soon as you receive the bill, even if you have not yet paid the bill. An expenditure is considered an outstanding liability until it is paid. Always remember to mark the transaction ID on the bill or invoice.
- ❖ Advance purchases must be well documented and reported accurately. An advance occurs when a third party (e.g., a staff member or volunteer) purchases a good or service on behalf of the campaign and he or she expects repayment for the purchase. When an advance occurs be sure to obtain a copy of the bill or receipt from the original vendor and a completed [Advance Repayment Voucher](#) (see [Chapter 3](#) of the *Handbook*).

VI. PETTY CASH

- ❖ Create procedures for handling petty cash correctly; some recommended steps appear in this section. Make sure these steps are clearly posted and/or available in a binder for campaign staff members who are handling petty cash.
- ❖ Train a limited number of responsible staff members to manage the petty cash fund.
Remember: Cash is a campaign’s most vulnerable asset. Internal controls over cash must be designed well and communicated clearly.
- ❖ Keep the minimum amount of petty cash needed to make small expenditures. The campaign treasurer should determine both the maximum and minimum amounts to be kept in the fund.
Note: No more than \$500 can be in the petty cash fund at one time.
- ❖ Only withdraw cash for the purpose of a petty cash fund. Use a debit card or committee check made out to “cash” and **not** a credit card when replenishing the petty cash fund.
- ❖ *Never* put cash contributions directly into the petty cash fund. All contributions must be deposited into the campaign’s bank account (after C-SMART data entry).
- ❖ No single cash expenditure or purchase can be in excess of \$100.
- ❖ Use the C-SMART **Petty Cash Fund** feature to track the flow of cash in and out of the fund.
- ❖ Keep all receipts from cash purchases and file them in a secure location. Develop a filing system that works for your campaign; for example, receipts may be filed chronologically.
- ❖ Any change left over from petty cash purchases should be returned to the fund as soon as possible.

Helpful Hint:

| | | |
|----------------------------------------------|-------------------------|----------------------------|
| Transactions | Reports | Submission |
| Monetary Contributions/Refunds | | |
| In-Kind Contributions/Refunds | | |
| Committee Transfers In | | |
| Other Receipts | | |
| Bills Received/Paid/Refunded/Forgiven | | |
| Committee Transfers Out | | |
| Advance Purchases/Repayments/Forgiven | | |
| Petty Cash Deposits/Disbursements | | |
| Loans Received/Paid/Forgiven | | |
| Partnership/LLC Attributions | | |
| Subcontractors | | |
| Affiliations | | |
| Committee Transfer In Attributions | | |
| Candidate Personal Contributions | | |

C-SMART's **Petty Cash Fund** feature allows you to complete this tracking easily. Then, you will be able to run a report called the **Petty Cash Journal**.

Petty Cash

[Add New Name](#)

[Show Trans List](#)

| | |
|----------------|---------------------|
| Deposit | Disbursement |
|----------------|---------------------|

| | | | | | | | | | | | |
|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--|-------------------------------------------------------|-----------------------------------------------------------------|------------------------------|-----------------|---------------------------|--|--------|--|
| Add Disbursement Modify Delete | <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: right;">Statement No: Transaction ID: 468</td> </tr> <tr> <td style="width: 50%;">Vendor Name: Queensboro Printing, Inc. Corporation</td> <td style="width: 50%;">Address: 223 Astoria Blvd. Flushing NY 11358 Boro: Queens</td> </tr> <tr> <td>Disbursement Date: 7/16/2012</td> <td>Amount: \$31.00</td> </tr> <tr> <td colspan="2">Purpose: Campaign Mailing</td> </tr> <tr> <td colspan="2">Notes:</td> </tr> </table> | Statement No: Transaction ID: 468 | | Vendor Name: Queensboro Printing, Inc. Corporation | Address: 223 Astoria Blvd. Flushing NY 11358 Boro: Queens | Disbursement Date: 7/16/2012 | Amount: \$31.00 | Purpose: Campaign Mailing | | Notes: | |
| Statement No: Transaction ID: 468 | | | | | | | | | | | |
| Vendor Name: Queensboro Printing, Inc. Corporation | Address: 223 Astoria Blvd. Flushing NY 11358 Boro: Queens | | | | | | | | | | |
| Disbursement Date: 7/16/2012 | Amount: \$31.00 | | | | | | | | | | |
| Purpose: Campaign Mailing | | | | | | | | | | | |
| Notes: | | | | | | | | | | | |

| | Transaction Date | Amount | Transaction Type | Transaction ID |
|------------------------------------|------------------|----------|------------------|----------------|
| Select Transaction | 7/3/2012 | \$100.00 | Deposit | 465 |
| Select Transaction | 7/5/2012 | \$15.00 | Disbursement | 466 |
| Select Transaction | 7/10/2012 | \$27.00 | Disbursement | 467 |
| Select Transaction | 7/16/2012 | \$31.00 | Disbursement | 468 |

| | |
|----------------------|----------|
| Total Deposits: | \$100.00 |
| Total Disbursements: | \$73.00 |
| Remaining Balance: | \$27.00 |

- ❖ Be prepared to produce the campaign's Petty Cash Journal during the compliance visit, post-election audit, or upon request by the CFB.

| C-SMART | | | | | | |
|-----------------------------|---------------------------|-----------------------------|------------------|------|----------|--|
| Petty Cash Journal | | | | | | |
| Committee Name: Sophia 2013 | | | | | | |
| Election: 2013 | | | | | | |
| Date | Vendor Name | Deposit/Disbursement Amount | Purpose | Stmt | Trans ID | |
| 07/05/2012 | Energetic Printing, Inc. | (\$15.00) | Postage | | 466 | |
| 07/03/2012 | Petty Cash | \$100.00 | | 5 | 465 | |
| 07/16/2012 | Queensboro Printing, Inc. | (\$31.00) | Campaign Mailing | | 468 | |
| 07/10/2012 | Tommy's Grocery | (\$27.00) | Fundraising | | 467 | |
| Total Transactions: 4 | | Total Deposits: | 100.00 | | | |
| | | Total Disbursements: | (73.00) | | | |
| | | Remaining Balance: | 27.00 | | | |

VII. STAFF WAGES & CONSULTANT FEES

- ❖ Create a detailed, written contract for each staff member and consultant *when they are hired*. The contract should include these items at a minimum (see [Chapter 3](#) of the *Handbook*):
 - Full name of employee/consultant.
 - Functions to be carried out (e.g., communications consulting).
 - Specific tasks to be performed (e.g., write campaign press releases and brochures).
 - For staff paid at an hourly rate, expected number of hours to be worked per specified period (day, week, month, etc.).
 - Salary or wage to be paid, per period and in total.
 - For consultants working on a fixed-price basis, a statement of the maximum amount to be paid for the completion of the specified tasks.
 - Dates covered by the contract.
 - Signatures of the employee/consultant and the campaign treasurer.
 - Date signed.
- ❖ The treasurer should be the only authorized signer of checks for salaries, wages and consultant fees, unless they are over a certain amount (see also Section III).
- ❖ Confirm the number of hours worked by campaign staff. This will help ensure that your wage records are accurate. Observe the detailed requirements for people paid on a daily or hourly rate, including petitioning and get-out-the-vote workers.

See [Chapter 3](#) of the *Handbook* for a sample wage record.

Important Note: Volunteers do not need a contract or wage record, since they are not being paid. However, if a campaign volunteer becomes a paid staff member, **you may not** pay for work he or she has already completed as a volunteer. Create a contract only for the **future work** to be performed on a paid basis. Do not backdate contracts.

- ❖ For consultants, develop clear schedules and a detailed description of goods or services to be rendered. Each invoice (bill) submitted by a consultant should describe the specific good or service delivered during the period covered by the invoice. Save samples of employees' and consultants' work products when possible.

Helpful Hint:

Thinking of hiring a consultant? Comparison shopping is always a good idea. Talk to several individuals to be sure you've found someone who understands the needs of your campaign and can deliver the services you're looking for. Clear communication up front will help you in the long run.

- ❖ Consult the IRS, the NYS Department of Taxation and other authorities for information on establishing procedures to withhold and pay all payroll taxes (federal, state, local, social security) on time and in accordance with applicable laws.
- ❖ Consult a tax advisor as necessary to create a system for filing tax returns and state unemployment benefits returns each quarter. Establish procedures for distributing W-2 forms and 1099 forms in accordance with applicable laws. Reconcile W-2 forms with payroll records and 1099 forms with consultant expenditures before distributing them.

VIII. RECORDKEEPING

- ❖ Keep **all records** that show how your campaign has received and spent funds. Develop an organized filing system that works for your campaign.

You must keep these records:

- Bank statements

Contributions:

- Copies of checks and money orders
- Contribution cards
- Documentation of credit card contributions (if applicable)
- Itemized deposit slips

Expenditures:

- Bills (invoices)
- Receipts (proof of payment)
- Front and back of cancelled checks
- Documentation for advance purchases and repayments
- Credit card statements
- Contracts
- Wage records/Timesheets
- Leases

Important Note: See the CFB website, [Rule 4-01](#) and [Chapters 2](#) and [3](#) of the *Handbook* for detailed descriptions of the records that your campaign must keep.

Important Note: The quality of your campaign's recordkeeping will **directly affect** your ability to receive public matching funds. You cannot use public funds for any expenditure that does not have appropriate documentation created at the time of the expenditure.

- ❖ Make copies of all financial documents. Keep the copies available for use by authorized campaign staff and volunteers. If possible, keep the originals in a secure location, preferably off-site.
- ❖ Be prepared to produce the copies or the originals of all documents upon request by the CFB.
- ❖ Create organized filing systems for storing paper **and** electronic documents. Post procedures so all staff and volunteers can easily follow them. Campaign staff, volunteers, and CFB auditors should be able to find what they need quickly and easily.
- ❖ Train staff and volunteers to follow your filing procedures even during the campaign's busiest periods.

IX. C-SMART

This section includes some tips on using C-SMART to support your campaign's internal control procedures.

- ❖ Contact your CSU liaison to sign up for a C-SMART training, which is required for all participating campaigns. Ensure that staff members receiving training have the necessary skills to perform data entry properly. Encourage them to contact CSU with questions.
- ❖ Enter all required data into C-SMART as soon as possible after receiving a contribution or incurring an expenditure. Double-check the spelling of all names and the accuracy of dollar amounts; this can prevent problems later.

- ❖ After data entry, reconcile the C-SMART entries to make sure they match the backup documentation (checks, contribution cards, etc.). C-SMART reports, such as the *Itemized Contributions* and *Itemized Expenditures* reports will be helpful in this process. Taking this step will ensure accuracy and completeness. The person who performs the reconciliation should **not** be the person responsible for entering data into C-SMART. This separation of duties serves as a “check and balance” of your financial procedures.

Contact your CSU liaison for guidance at 212-409-1800 or at CSUmail@nyccfb.info.

Appendix A

SAMPLE CAMPAIGN EVENT CONTRIBUTIONS LOG

Event Date: _____ Event Location: _____

Log Prepared By: _____

| Item # | Contributor Name (double-check spelling) | Contribution Type (circle one) | Check or Money Order # | Amount | Has all required documentation been received? | Is follow-up needed? |
|---------------------------------------|---------------------------------------------|------------------------------------------|------------------------|-----------|-----------------------------------------------|----------------------|
| 1 | | check • cash • money order • credit card | | | yes • no | yes • no |
| 2 | | check • cash • money order • credit card | | | yes • no | yes • no |
| 3 | | check • cash • money order • credit card | | | yes • no | yes • no |
| 4 | | check • cash • money order • credit card | | | yes • no | yes • no |
| 5 | | check • cash • money order • credit card | | | yes • no | yes • no |
| 6 | | check • cash • money order • credit card | | | yes • no | yes • no |
| 7 | | check • cash • money order • credit card | | | yes • no | yes • no |
| 8 | | check • cash • money order • credit card | | | yes • no | yes • no |
| 9 | | check • cash • money order • credit card | | | yes • no | yes • no |
| 10 | | check • cash • money order • credit card | | | yes • no | yes • no |
| Total Contributions, this page | | | | \$ | | |
| Subtotals, this page | | | | \$ | | |
| | | | | \$ | | |
| | | | | \$ | | |
| | | | | \$ | | |
| Number of Items: | | | | \$ | | |
| GRAND TOTAL | | | | \$ | | |

Appendix B

SAMPLE CHECK AUTHORIZATION FORM

Date: _____ Form Prepared By: _____

1) Check to be paid to:

Company or Individual Name _____

Address _____

City/State/Zip _____

2) Check amount: \$ _____

3) Check number: _____

4) Is an original invoice or receipt attached? Yes No (circle one)

If not, explain what documentation exists to prove that a good or service was provided and received.
Attach a copy of that documentation to this form.

5) Item(s) or service(s) purchased:

6) Purpose of expenditure:

7) Authorizations:

I authorize this expenditure on behalf of the John Q. Public Campaign.

Signed (1st level authorization)

Signed (2nd level authorization)

Print Name

Print Name

Title (Treasurer, Candidate, Manager)

Title (Treasurer, Candidate, Manager)

8) Hand Delivery:

Is the check to be **hand-delivered**? If so, signature of the campaign representative who will deliver it, and the date that person was given the check:

Signed

Date

