



**FULFILLING OUR PROMISES
TO THE MEN AND WOMEN WHO SERVED**

**Disabled American Veterans
Department of Maryland, INC.**

**ACCOUNTING POLICIES AND
PROCEDURES MANUAL**

Adopted June 3, 2016

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1.00 Background Information:

1.01 Tax Status

This manual outlines the accounting policies and procedures for the Disabled American Veterans, Department of Maryland. The DAV is non-profit 501(c)(4) Veterans Service Organization (VSO) dedicated to keeping the promise to the men and women who served. We are dedicated to assisting veterans in obtaining their benefits, so they can lead high-quality lives with respect and dignity. We accomplish this by ensuring that veterans and their families can access the full range of benefits available to them. We continue to fight for the interests of America's injured heroes on Capitol Hill; educating the public about the great sacrifices and needs of veterans transitioning back to civilian life. This mission is carried forward by: providing free, professional claims assistance, providing medical transportation to veteran's hospital appointments, and providing emergency financial assistance on a case by case basis.

1.02 Purpose

To uphold and maintain the Constitution and the laws of the United States; to realize the true American ideals and aims for which those eligible to membership fought; to advance the interests and work for the betterment of all wounded, gassed, injured and disabled veterans; to cooperate with the United States Department of Veterans Affairs and all other public and private agencies devoted to the cause of improving and advancing the condition, health and interest of all disabled veterans; to stimulate a feeling of mutual devotion, helpfulness and comradeship among all disabled veterans; to serve our comrades, our communities and our country; and to encourage the spirit of understanding which will guard against future wars.

The DAV Department of Maryland is registered as a domestic corporation chartered in the State of Maryland. The Department is also registered with the Maryland Department of Regulation and Licensing authorizing the Department to raise funds from the general public.

2.00 Chart of accounts:

2.01 Assets

- Checking Accounts
- Saving Accounts
- Certificate of Deposits
- Vehicles
- Furniture & Equipment
- Other Assets

2.02 Income Accounts

Income accounts are those account set up in the A/P Accounting Module to identify types of revenue received by the Department, and allow tracking of the purpose of the funds donated.

2.03 Expense Accounts

Expense Accounts are those accounts set up in the A/P Accounting Module to identify type of expense accounts necessary for the operation of the Department. The expense account must be able to categorize types of expense, so that expenses are property coded.

3.00 ACCOUNTING PRINCIPLES & PROCEDURES

3.10 Policies

The accounting principles of DAV's Department of Maryland will be consistent with all applicable laws. These include:

- Generally Accepted Accounting Principles (GAAP),
- Financial Accounting Standards Board (FASB),
- Statements of Financial Accounting Standards (SoFAS) Numbers 93, 116 and 117,
- Standard of Position (SOP) 87-2 on Joint Costs,
- SOP 94-2 on the applicability of the accounting rules to nonprofits
- SOP 98-3 on accounting for federal awards.

3.10A GAAP (Generally Accepted Accounting Principles)

GAAP (generally accepted accounting principles) is a collection of commonly-followed accounting rules and standards for financial reporting. The acronym is pronounced "gap."

GAAP specifications include definitions of concepts and principles, as well as industry-specific rules. The purpose of GAAP is to ensure that financial reporting is transparent and consistent from one organization to another.

There is no universal GAAP standard and the specifics vary from one geographic location or industry to another. In the United States, the Securities and Exchange Commission (SEC) mandates that financial reports adhere to GAAP requirements. The Financial Accounting Standards Board (FASB) stipulates GAAP overall and the Governmental Accounting Standards Board (GASB) stipulates GAAP for state and local government. Publicly traded companies must comply with both SEC and GAAP requirements.

Many countries around the world have adopted the International Financial Reporting Standards (IFRS). IFRS is designed to provide a global framework for how public companies prepare and disclose their financial statements. Adopting a single set of world-wide standards simplifies accounting procedures for international countries and provides investors and auditors with a cohesive view of finances. IFRS provides general guidance for the preparation of financial statements, rather than rules for industry-specific reporting.

3.10B Financial Accounting Standards Board

(FASB)In the United States, a nongovernmental body the SEC has charged with establishing and maintaining generally accepted standards for professional accountants, funded in 1973. ASB has published a variety of rules and classification on how accounting should be done in the United States. It is important to note that the FASB does not govern accounting ethics; rather, its purpose to govern the fundamentals of how accounting is conducted. For example, it has published guidelines on how to report a company's cash flows. It operates under the principle that the economy and the financial services industry work smoothly when credible, concise and clear financial information is available. FASB periodically revises its rules to make sure corporations are following its principles. The corporations are supposed to fully account for different kinds of income, avoid shifting income from one period to another, and properly categorize their income.

3.10C Statements of Financial Accounting Standards:

Summary of statement for No. 93,

This Statement requires all not-for-profit organizations to recognize the cost of using up long-lived tangible assets-depreciation-in general-purpose external financial statements. However, depreciation need not be recognized for certain works of art and certain historical treasures. The Statement also extends to not-for-profit organizations the requirements of APB Opinion No. 12, *Omnibus Opinion-1967*, to disclose information about depreciable assets and depreciation.

This Statement does not cover matters of financial statement display, recognition of assets, or measurement, such as how to measure the amount of depreciation to be recognized for a particular period. This Statement is effective for financial statements issued for fiscal years beginning after May 15, 1988, with earlier application encouraged.

Summary of statement for 116 and 117,

The Statement of Financial Accounting Standards (SFAS) Numbers 116 & 117 relate how non-governmental nonprofits account for contributions, and how they present their financial statements. These pronouncements have created much confusion among nonprofits with regard to their accounting methods. Since the word "fund" is no longer used in financial statements, nonprofits still need "fund accounting?" Since SFAS No. 117 relates to the presentation of financial statements, does it impact day-to-day record keeping? Nonprofits still need to track individual funding sources separately in their books anymore, or should they be commingled? First, let's understand what Fund Accounting is, then we'll look at the impact of SFAS 116 & 117 on accounting for nonprofits. Fund Accounting is the need for greater accountability to funding sources and donors gave rise to the traditional style of nonprofit accounting called "fund accounting," which has been used by nonprofits for many years.

A fund is "an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulation, restrictions, or limitations." In other words, in fund accounting you allocate money into separate funds and produce financial statements and reports by fund, or by grouping funds together. Many nonprofits use funds to segregate their monies according to its source, so that their funds are essentially the same as funding source. In addition to detailed levels of tracking, Fund Accounting software provides the reporting flexibility required to present information to many requesters, both internal and external to nonprofits. SFAS 116 & 117 When the Financial Accounting Standards Board (FASB) introduced SFAS Numbers 116 & 117, it was the first time FASB issued statements regarding how nonprofit organizations should account for contributions and how these contributions are presented in financial statements.

Specifically, SFAS 116 defines how donations are accounted for by donors and receivers, according to donor-imposed restrictions. SFAS 117 further clarified generally accepted accounting principles with regard to how nonprofits report contribution information in financial statements. It affects financial statements for fiscal years beginning after December 15, 1994, except for organizations with less than \$5 million in total assets and less than \$1 million in annual expenses. Those organizations must begin to use SFAS 117 for fiscal years beginning after December 15, 1995. The intent of SFAS 116 & 117 was to enhance the relevance, understandability and comparability of nonprofits' financial statements.

These reports are primarily used by donors, members, creditors, and others who provide resources to nonprofits.

SOP 94-2 on the applicability of the accounting rules to nonprofits

Application of the requirements of accounting research bulletins, opinions of the Accounting Principles Board, and statements and interpretations of the Financial Accounting Standards Board to not-for-profit organizations;

SOP 98-3 on accounting for federal awards

Certain procedures resulting from these accounting pronouncements and releases are discussed below.

3.20 Procedures for dispensing records and equipment:

- Computers and related equipment - 3 years
- Office furniture - 5 years
- Building and building Leasehold improvements - 40 years
- Parking lot and landscaping - 10 years
- Vehicles - 5 years
- Records retention Policy

3.21 Fixed Assets and Depreciation

The general capitalization policy is that all equipment and other fixed assets costing in excess of \$1,000 will be recorded as an asset. To determine if a repair or improvement will need to be capitalized, the following additional factor needs to be considered: does the expenditure extend the useful life of the asset repaired or improved? For example, painting would not be capitalized, but replacing the boiler or repairing the roof would be capitalized, if the item is worth \$500 to \$1,000 dollars, it is typical for a capitalized threshold.

3.22 Donated Materials and Services:

Generally donated materials, assets and services will not be recorded in the accounting records. In order to comply with the rules of SFAS 116, certain services would be recorded as revenues and expenses. Such services would be those professional services which we would otherwise have paid for, which were provided by a person whose work would normally include providing those services.

Any donated assets which would meet the definition to be capitalized, outlined in Section 3.23, will be recorded as revenue and as a fixed asset.

3.23 Data Cutoff

In order to meet the deadlines for producing reports discussed in Section 7 & 8, the gathering of information used in making the month end entries must be cutoff by a certain date.

The quarterly financial statements are due to the Department Executive Committee two weeks prior to the Department meeting. Any payables or other information not available by end of the first week after a month end will be classified in the next period. The Treasurer may need to use estimates if final information is not available on a significant additional transaction.

The end of fiscal year financial statements of the Department and Maryland Service Foundation (MSF) are due to the Auditors by July 30th following the end of the Department's fiscal year, running from July 1 through June 30. For these reports a cutoff of three weeks will be used. Since the year end is the most important period cutoff, the general ledger will continue to be held open for additional material transactions through the conclusion of the financial audit fieldwork.

4.00 DISBURSEMENTS AND PAYMENTS:

4.10 Policies

The individuals authorized to sign checks for the Department of Maryland are; the Department Commander, Department Treasurer, and the Department Adjutant. Two signatures will be required on all checks. The Department Commander and the Department Treasurer should sign checks. The Department Adjutant will sign checks when either the Department Commander or Treasurer are unavailable. The Department Adjutant will prepare the supporting invoice or other documents and submit to the Treasurer for payment. Authorized signers may not sign a check payable to themselves.

The Adjutant will record all incoming revenue of cash and checks on a ledger and distribute to the Treasurer for deposit into proper banking accounts.

4.20 Capital Acquisitions

Three bids are required for the purchase of budgeted capital assets in excess of \$3,000, if practical. The Department Adjutant will receive all bids into the department. The Department Commander's approval is required if the low bidder is not selected, or if bidding was not deemed practical by the Department Commander. Any capital assets not approved by the Department Convention must be approved by the Department Finance Committee prior to soliciting bids.

4.21 Supplies, Services, and Other Invoices

Purchase requisitions will be generated by the Department Adjutant and the requisitions will be turned in to the Department Commander for approval if in excess of \$100.00 and given to the Office Assistant for order placement.

When the goods or services are received, the Office Assistant compares the purchase requisition with the order received to the packing slip for accuracy. The packing slip is attached to the purchase requisition and returned to the open order file until the invoice is received.

Mail is received and opened by the office assistant. All invoices are routed to the Department Adjutant, who matches the invoice to the approved purchase requisition and packing slip. The Department Adjutant determines an account coding for the transaction. The Department Adjutant gives the invoice and support documentation to the Department Commander for approval to pay. The Department Treasurer initials the invoice indicating approval to pay, and approving the expense account coding proposed by Adjutant. The Treasurer enters the approved invoice into the computer module and prepares checks for signature.

4.22 Invoice Payment Procedures

Invoices are paid on the 1st and the 15th of each month unless deemed to be an emergency, the Department Commander can approve such payments. Prior to generating checks, a voucher is generated by the Adjutant with the due dates and amounts. The Treasurer will prepare the check while loading the information into the A/P computer module. The check will be attached to the approved supporting documentation from the open invoice file, and given to the Commander for signature. The checks are sealed in envelopes by the Office Assistant and the support documents are returned to the Department Adjutant and filed alphabetically by vendor.

4.23 Payroll Procedures

Payroll is processed weekly by the Adjutant and a voucher is forwarded to the Treasurer for payment. The pay rates used to prepare payroll will be based on the rate approved by the Department Finance Commission and Department Convention. The signature requirement on all checks is set determined in section 4.23.

5.00 CASH RECEIPTS:

5.10 Policies

The Office Assistant will receive and open the mail daily received at the Department Headquarters. All cash received at the department will be verified in the presence of another Department Official when applicable, in order to maintain dual control over cash receipts. The cash and checks will be held in the department safe by the adjutant until turned over to the Treasurer on a weekly basis. The Treasurer will deposit all cash receipts on a weekly basis in the proper bank account. Pre-numbered vouchers will be used for any monies received directly from an individual.

5.20 Procedures

All cash and checks will be photocopied and entered into a daily cash receipts log by the Office Assistant when the mail is opened. Both the Office Assistant and Adjutant will sign the cash receipts log verifying its accuracy.

Payments made in person will be added to the cash receipts log. A photocopy of cash and checks, and a copy of the pre-numbered receipt, will be attached to the daily cash receipts log. The cash receipts log is totaled by the Office Assistant. A copy of the log is given with the cash and check copies to the Adjutant and held in the department cash receipt log for review.

The Treasurer will use the cash receipts log to review deposits and to assist in their duty to review the bank statements (see Section 6).

The Treasurer will use the copy of the cash receipts log and the cash and check copies to determine account coding and to enter the cash receipts into the computer.

6.00 BANK RECONCILIATION:

6.10 Policies

The bank statements will be printed from the Bank Web Banking Portal. The Treasurer reviews the checks for unusual items or changes. The Treasurer compares selected deposits on the bank statement to the copy of cash receipts logs and reviews any account transfers.

The bank statements are to be reconciled by the Treasurer on a monthly basis no more than one week after receipt of the statement. The general ledger and the reconciled bank statements will be adjusted to agree monthly.

6.20 Procedures

Once printed the Department Treasurer will prepare the monthly bank reconciliation. See Section 18 for the form used to prepare the bank reconciliation. The bank reconciliations will reconcile the bank balance to the general ledger balance. The Department Treasurer will ensure that all reconciliations are posted in the A/P Computer Module. The monthly bank statement and cancelled checks and other forms and the actual reconciliation form are filed in the bank reconciliation file

7.00 END OF MONTH/QUARTERLY ACCOUNTING PROCEDURES:

7.10 Policies

The Department Treasurer will prepare the monthly financial statements no later than the 15th day of the following month. The Treasurer will ensure correctness of the financial statements before being sent to the Department Executive Committee on a quarterly basis. The financial statements should be to the DEC at least two weeks as part of DEC packet in order to facilitate this review. The DEC will approve the Finance Report submitted by the Treasurer at the DEC quarterly DEC meetings and the State Convention.

7.20 Procedures

The cutoff for information in the monthly statements is one week after the month end. Upon completion of the monthly bank reconciliations, the Treasurer will formulate the monthly journal entries as determined by the budget income and expense codes. There are two types of monthly journal entries, those that remain consistent from month to month (recurring) and those that are specific to that month. The recurring journal entries are determined after the annual audit with the help of the CPA firm. These include depreciation and expensing of prepaid insurance. The specific journal entries include recording of principal/interest breakdown for the interest and dividend income of MSF, bank transfers, NSF checks, bank charges, accrued wages and payroll taxes, receivables, etc.

The Treasurer will maintain a file for each month which includes work papers which document the balance of each balance sheet account. The file will also include copies of the grant billings. All balance sheet accounts will be reconciled monthly to help ensure that accurate statements are provided to Department and the DEC.

Once the final general journal entries are posted, the monthly financial statement is printed along with a copy of the balance sheet and a budget to actual expense report for the Commander and Adjutant.

8.00 END OF YEAR ACCOUNTING PROCEDURES:

8.10 Policies

The Department Treasurers from the Department and MSF prepares the yearend financial statements and forward to the CPA firm by end of July 30th each year. The Treasurer is responsible for preparing for the annual financial audit and for working with the outside accountants to complete the audit.

The Department Commander reviews all the Departments Financial Statements before the Treasurer sends the statements to the CPA Firm. Foundation President and Treasurer reviews the financial information from the Portfolio Manager before being sent to the CPA Firm.

The Department Treasurers will arrange to have all records for the audit to be available for CPA Firm.

The Department Commander, Department Adjutant, and Department Treasurer will ensure they are available to meet with the outside account to facilitate answering any questions, or need for clarification on any issue.

8.20 Procedures

The cutoff for June financial statements is extended two weeks after year end to ensure all information is properly accounted for that fiscal year. Upon completion of the June financial statements, the preliminary yearend report is run by the Treasurer and given to the Department Commander for review.

The Department Treasurer calculates the recurring entries (with the help of the CPA firm if needed) for the new year.

8.21 Financial Audit

The Department Treasurer or Adjutant will contact the independent CPA firm as soon as the Department Commander signs the audit engagement letter to begin planning the scheduling and work needed to complete the audit. The Department Adjutant will ensure that adequate space is provided for the independent accountants to work in our offices. This would include one or more large tables, space to keep records provided to the independent accountants, light and electrical outlets.

The Adjutant will work with the independent accountants to determine what confirmations will be required. This process will be completed as soon after year end as possible.

The Department Treasurer will be responsible for preparing any information, which the auditors will use as possible. The completed monthly reconciliations for June will partially fulfill this requirement.

Information needs to be organized and made available include: the complete general ledger for the fiscal year, chart of accounts, bank statements, cancelled checks, paid invoices, cash receipts logs, payroll summaries for each pay period, DEC minutes for the year under audit through the most recent minutes available, printouts of the donor database, including all restricted donations, lease agreements, insurance policies, documentation for fixed assets capitalized and documentation for donated services or donated assets recorded in the general ledger.

The Department Treasurer and Adjutant will be available at all times throughout the audit to facilitate the work of the independent accountants. The Department Commander and Foundation President will schedule some time to meet with the independent accountants as needed during the audit. The Office Assistant will also be available for any work which the Accountant may delegate to them.

The following officers will meet with the independent CPA firm at the end of the audit to discuss any issues raised, review the audit journal entries, evaluate the audit process and plan improvements for the following year.

The Department officers; Commander, Adjutant, Senior Vice Commander, and Treasurer. The Maryland Service Foundation; President, Vice President, Secretary, Treasurer, and Department Finance Commission President and Vice President.

9.00 INVESTMENTS:

9.10 Policies

Cash not needed for immediate working capital will be transferred to interest bearing investments, unless the funds are designated for a particular account. The Maryland Service Foundation will maintain these investments for distribution to the Department of Maryland upon proper request as proscribed by the Department Bylaws. The Maryland Service Foundation will include identified contributions from the Department of Maryland for service to be invested on their behalf in a separately reported account. The members of the Board of Directors will be the governing body of the foundation as approved by the Department of Maryland and the National Judge Advocate.

9.20 Procedures

A Portfolio Managing Company, as approved by the MSF Board of Directors, will maintain investment accounts for the MSF. The President and Treasurer will initiate the transfer of funds as approved by the Department Finance Commission (DFC),

Department Executive Committee, and the Department Convention on the projected cash flow requirements and budgets of the Department of Maryland.

Upon the approval of the Department of Maryland Convention, the Department Commander must request the designated budgeted funds from the MSF.

10.00 DEBT:

10.10 Policies

DFC approval is required for incurring any debt of Department of Maryland other than operating payables and budgeted items. The Department Commander will be authorized to negotiate such debt as needed upon approval of the Department Executive Committee.

10.20 Procedures

The Department Commander and Department Treasurer will sign any debt agreements after receiving DEC approval. The Treasurer will reconcile the general ledger debt balances to statements or amortization schedules each month. In addition, accrued interest will be recorded in the general ledger as needed.

11.00 INTERNAL CONTROLS AND FINANCIAL AUDIT:

11.10 Policies

The review of Internal Control Procedures and the Department Annual Audit are two of the most important procedures the Department Finance Commission has for fulfilling its fiduciary responsibilities to the Department of Maryland.

Internal controls pertaining to the accounting records, cash receipts, and check signatures are established by this Accounting Policy and Procedures Manual upon approval by the Department Executive Committee.

The Department Finance Commission will select the public accounting firm which will perform the year end financial audit. The financial audit report is presented to the individuals listed in (section 8.21).

11.20 Procedures

Whenever there is a change in administrative personnel or a change in the operating structure of the organization, the DFC will meet to determine that the internal control system continues to meet the needs of the Department of Maryland. If appropriate, the

changes will be reflected in this accounting procedures manual and approved by the DEC.

The key features of the internal control system are that the Department Commander and Vice Commanders not involved in handling of checks and cash received, transfer of money or establishing cash accounts or investments. These officers do not receive the unopened bank statement. The Commander reviews any reimbursement transaction of every officer and is responsible for noting any problems to the DFC Chairperson.

The DEC will approve, as part of the budget process, the public accounting firm to perform the annual audit.

The designated officers will attend the audit exit conference at the conclusion of the audit. The public accounting firm will present the audit by the 15th of September. The Department Commander and MSF President will review and approve the financial audit.

12.00 BUDGETING:

12.10 Policies

The Department Commander, Treasurer, Adjutant, and DFC are responsible for guiding the budget process and for approval of the annual budget at the Department Convention. The Department Treasurer and Adjutant will be responsible for preparing the proposed budget.

12.20 Procedures

The budgeting process will begin in March for the next fiscal year. This will allow the previous fiscal year and the year to date transactions to be analyzed to create assumptions in forecasting and planning of the proposed budget.

All budget documents will be submitted to the Department Treasurer by March 15th for consolidation into an overall department budget. The Commander, Senior Vice Commander, Adjutant and Treasurer determine if there are any obvious areas which may need to be reworked. The proposed budget will be submitted to the Department Finance Commission by March 30th for review and feedback. Any further revisions will be made and the proposed budget presented to DEC at the Third Department Executive Committee meeting.

The next budget will be presented at the Department Convention for approval. After completion and approval of the budget by the Department Convention, the budget will not be modified for subsequent activities unless approval of the DFC. Monies may be moved between accounts within the budget as long as the budget totals do not change.

13.00 COMPUTER AUTHORIZATION AND BACKUP:

13.10 Policies

The Department computers and software will have access controlled by passwords. The Department Commander will designate control the master password. The Adjutant, Treasurer, and Office Assistant will be given a complete system password and will control which other personnel are given passwords.

The accounting and information computers will be backed up regularly. The IT Data System will be responsible for carrying out this backup automatically nightly.

The Information Technology (IT) Management Company is responsible for maintaining the disaster recovery plan for the accounting and information software and for periodically testing the plan.

13.20 Procedures

The IT Management Company will ensure that the Department computer systems are kept current, ensuring that the A/P Accounting Module is current as well.

13.21 Password

The Adjutant will maintain a record of all authorized users and the level of password access each user has. Passwords will be changed quarterly. Access will be addressed upon election of new officers, granting access, and deleting access for those officers stepping down from an authorized position.

13.22 Backup

The back-up procedures are designed to maintain records until deleted manually. A manual external drive backup may be maintained by the Department Treasurer and Adjutant. This back-up will be maintained on site in a safe location such as the fire proof safe. A weekly backup will be maintained of the accounting data for each week, as of Monday evening even if the systems back up automatically nightly.

13.23 Disaster Recovery

In the event of the serious damage to the office of the Department of Maryland arrangements have been made to process all accounting and information records. The disasters we are anticipating would be localized in nature, such as fire, flood, hurricane or tornado damage, we have set up a recovery plan with or IT Management Company to back these records on a nightly basis.

An agreement should be made with another agency to provide us with at least one work station and desk with access to their printers. In exchange we have agreed to provide them with the same services in the event of disaster at their offices. We are required to provide one business day's notice so that they may arrange the items we will need to use.

14.00 ACCESS TO RECORDS AND RECORD RETENTION:

14.10 Policies

The records of Department of Maryland and the Maryland Service Foundation are open to public inspection due to IRS rules, open records laws and the spirit of public service. However, certain information is not open to public examination and may only be released with the permission of the Department Commander. Questions in this area are to be resolved by the Department Commander. If the answer to a request is unclear the Commander may contact the Department Judge Advocate, National Judge Advocate, or an attorney for a consultation.

Record retention is governed by various rules, statutes of limitations and common sense. Certain documents must be retained indefinitely, while others may have little use after a year.

14.20 Procedures

Records will be archived and destroyed as proscribed by law.

14.21 IRS Forms

Payroll tax forms are not public information and will not be released. IRS Forms 990 and 990A, the exempt organization information returns, must be made available upon request. The specific rules are outlined in the instructions for form 990. All pages, schedules and attachments, except the detailed schedule of contributors must be made

available. The prior three years of 990s and 990As must be available upon request for free review in the Department office. If the requestor wishes to have a copy, that will be provided immediately or may be mailed to the person. We ask that the person pay the legally allowed fee of \$1 for the first page and 15 cents for each additional page, plus postage, if applicable.

The application for exempt status, Form 1023, and the IRS determination letter are also available to anyone upon request for a free review in our office. Copying charges are the same as for the 990 if the person wishes to take a copy. The specific rules are outlined in the instructions for the form 990.

The Adjutant is responsible for furnishing copies of these documents to the Administrative Assistant in a form suitable for public release. The Administrative Assistant will keep a copy of each form and make photocopies if requested.

14.22 Personnel Records

All requests for personnel records, job references and credit inquiries will be referred to the Department Commander.

14.23 Financial Information

Financial statements and other financial information is regularly distributed to the Department Commander and the members of the DEC. This information is not to be made available to persons who are not regularly authorized to receive that particular report. Any such requests for information must be approved by the Department Commander.

14.24 Records Retention

A schedule of record retention follows. Any discarding of records should follow this schedule. However, prior to discarding records, the permission of the Department Commander and the DFC are required to ensure that they have no reason that an exception should be made to the policy. All discarded documents are to be shredded or sent to our recycling company, which has a confidentiality agreement with the Department of Maryland.

For tax purposes, records should be maintained until the expiration of the statute of limitations. Generally, that period expires three years after the later of the due date of the return or the date filed. While there are a few exceptions to this rule, the three-year period normally should be adequate.

For non-tax purposes, records should be maintained only as long as they serve a business purpose or until all legal requirements are met. Unfortunately, there are not specific standards that will cover all situations. The following are some of the factors that should be considered: Federal, state, and local statutes and regulations; Industry requirements or standards; Potential claims or litigation; and Contract requirements

15.00 MAINTENANCE OF ACCOUNTING POLICIES AND PROCEDURES MANUAL:

15.10 Policies

The Accounting Policies and Procedures Manual is critical to the accounting function of the Department of Maryland. The Treasurer and Adjutant are responsible for maintaining the manual. All proposed changes must be approved by the Department Finance Commission and Department Executive Committee.

The policies and procedure manual will be dated with the date of each approved revision by the DEC.

15.20 Procedures

At the beginning of each fiscal year the Department Commander, Adjutant, and Treasurer will review the manual and formulate any proposed changes. The revision must be submitted to the DFC for review and approval. This update will be completed no later than two weeks before the first quarter DEC. All changes must be approved in writing by the DFC and final approval at the DEC.

Whenever changes to the accounting procedures are proposed, a review of the accounting policies and procedures manual will be made by the DFC to determine if a revision is required. Any minor revisions to the manual which are not reflected in the manual immediately should be kept on file to incorporate into the formal annual update. The revised manual will keep in Doc Vault at the Department of Maryland.

16.00 PREPARATION OF INFORMATIONAL RETURNS

16.10 Policies

The Department of Maryland is required to file IRS forms 990, Return of Organization Exempt from Income Tax and 990 Schedule A by November 15 each year, Organization Exempt Under Section 501(c)(4).

Maryland Form 1 Property Tax Returns must be filed by April 15 each year.

The preparation of these reports will generally be contracted out to the independent accounting firm.

The Treasurer will be responsible for providing the information needed to prepare the report.

The Commander and Treasurer will review the reports prior to filing them to ensure that they are accurate and do not indicate any potential problems with the tax status or fundraising license of the Department of Maryland. Once reviewed, the Commander will sign the returns and give the package to the Office Assistant to be mailed.

16.20 Procedures

The IRS Form 990's are due November 15 (four and one-half months after year three months using Form 2758).

State Department of Assessments & Taxation (SDAT). The Form 1 is based on the date of finality (January 1). The Business Personal Property Division oversees the annual reassessment of operating property of railroads and public utilities and personal property of businesses. Property tax reports are filed with, and reviewed by, the Division annually. Returns must be filed by April 15 each year.

17.00 PROPERTY AND EQUIPMENT INVENTORY:

17.10 Policies

An inventory of all property and equipment will be maintained at Department Headquarters. The inventory document will contain sufficient information of assets owned by Department. The Department Adjutant will maintain and update the inventory as necessary.

17.20 Procedures

The Adjutant will maintain a database of all property and equipment owned by Department of Maryland. The database will include: description, serial number, acquisition date, cost, vendor, and location. The property and equipment database will be reviewed prior to sale or disposal of any item to determine if there are restrictions. An annual inventory will be taken to verify the existence of the property and equipment listed in the database by newly elected Officers.