



**NANOG™**

## **Internal Financial Controls Policy**

### **v2 1/15/2021**

**Purpose:** The purpose of this policy is to define a number of internal financial controls to be applied to the day to day accounting practices of NANOG. This document establishes policies and procedures to assure that the NANOG Board of Directors and Officers understand their fiduciary responsibilities, that assets are managed properly, and that the charitable purposes of NANOG are carried out.

**Internal Financial Controls:** The following list of internal controls shall apply to the day to day accounting and financial operations of NANOG.

**Adhere to NANOG's Mission:** The North American Network Operators' Group (NANOG) is committed to the ongoing advancement of an open, secure, and robust internet, by providing a platform that inspires, educates, and empowers our community to meet the ever-changing demands of a global network, in service of building the Internet of tomorrow.

**Protect the Interests and Rights of NANOG's Membership:** Those with financial responsibility for NANOG will protect the rights and interests of NANOG's membership.

**Prepare and File Annual Reports with the Internal Revenue Service:** As a non-profit organization, NANOG is required to prepare and file an annual report with the State of Delaware and the Internal Revenue Service. Additionally, the annual reports shall be made available to all Members of the organization via the NANOG website.

**Reporting:** The NANOG accountant tracks revenues and expenditures against budget, reporting both in a standardized progress report to the NANOG board on a monthly basis. The NANOG accountant shall prepare and maintain annual income and expense, profit and loss, and balance sheet documentation for review by the NANOG Board of Directors on a monthly basis. On an annual basis, the NANOG Board of Directors shall appoint an Audit Committee to recommend, per the [committee charter](#), the services of a reputable certified

public accountant (CPA) to perform a financial audit of the organization, and make said financial audit available to the NANOG Board of Directors.

**Handling of Funds Received:** All funds received by the organization shall be recorded and accounted for on a daily basis. Deposits of cash and checks shall be made at least weekly to the organization's bank accounts. Funds allocated to a specific project or program of the organization must be recorded as such. Cash payments to the organization shall be logged using receipts, one given to the person making the payment, the other logged, by the NANOG accountant. It is the organization's strong preference that funds be received through electronic means such as credit card transactions and electronic funds transfer (EFT). While no physical receipt is necessary in these cases, funds received must be promptly logged in the NANOG accounting system, by the NANOG accountant.

**Handling of Funds Expended:** All funds to be expended by NANOG shall be requisitioned through the organization's Executive Director. The Executive Director may approve expenditures not exceeding \$120,000. Expenditures equal to or exceeding \$120,000 will require the approval of the Board of Directors and as such, must be planned for accordingly. All payments made by the accountant must be approved by the Executive Director and at least one director, or by two directors of the organization. Payments include those by check, or electronic fund transfers either through ACH or wire transfer. In addition to the Executive Director, the list of directors authorized to approve issuance of checks or authorize fund transfers shall be the Treasurer or the Chair of the Board.

**Use of Credit Cards:** At the direction of the Board of Directors, the Executive Staff may open a credit card account on behalf of the organization. Credit cards shall be made available only to the Executive Director, employees, or directors with a direct and clear fiduciary responsibility to the organization. Each credit card holder must be individually authorized by the Board of Directors. Individuals holding credit cards authorized by the Board of Directors must sign personal guarantees indicating that they shall be held personally responsible for all charges not approved by the organization. Credit card receipts must be collected and reconciled monthly and approved by the organization's Executive Director. A report of all credit card activity must be forwarded by the Executive Director to the treasurer. No balance shall be carried on the NANOG credit account on a monthly basis.

**Monthly Reconciliation of Funds:** Monthly reconciliation of funds shall be performed by an individual separate from the individual responsible for receiving and recording funds and the person responsible for authorizing the disbursement of funds. In the event that the organization is unable to maintain this level of financial controls separation due to staffing limitations, the organization's treasurer shall be provided the monthly reconciliation and bank statements for review and signed acknowledgement.

**Purchasing, Self-Dealing:** Under no circumstances shall Directors, the Executive Director, or staff engage in activities resulting in self-dealing. Personnel able to purchase goods and services on behalf of the organization must source from reputable organizations unaffiliated with family-controlled organizations. All purchases must be made in accordance with the NANOG By-Laws and its 501(c)(3) non-profit application.

### **Compensation of Staff, Annual Review**

All compensation changes of staff shall be done by the Executive Director as long as it is within the NANOG Board approved budget for compensation. Annually, the Executive Director of NANOG shall complete a personnel review of all employees and/or contractors to aid in employee and skill set development, to address potential concerns and issues, and to ensure general morale of employees. The Compensation Committee reviews the management recommendations to ensure consistent compensation action free of bias. The Board of Directors shall complete a similar review of the Executive Director.

### **Physical Assets**

Expenditures for land, building and equipment are recorded at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation expenses are calculated using the straight-line method over the estimated useful life.

Maintenance and repairs, which materially add to the value of the property or appreciably prolong its life, are recorded as an increase to the appropriate asset. NANOG capitalizes all fixed assets with a cost greater than or equal to \$5,000 per current IRS guidelines, and a useful life of at least three years, unless otherwise stipulated by a grant. When an asset is purchased through a grant, the grant's capitalization rules apply.

The organization shall employ the use of the asset tracking ledger to record the unique ID, current location, manufacturer, model, serial, acquisition date and cost of all physical assets owned by the organization. The unique ID assigned to each asset shall be affixed permanently to each asset through the use of an asset tag sticker. NANOG staff shall complete an annual inventory of assets.

### **In-Kind Services**

NANOG will recognize in-kind service donations that help to fulfill its mission, and which services would have been purchased had they not been donated. The value of the service will be determined by current fair market pricing, and be agreed upon by both parties with a signed contract.

**Personal Use:** Directors, committee chairs, and Staff of NANOG shall not utilize provided resources for personal gain. The NANOG property and assets are for the furthering and benefit of the NANOG organization and mission only.

**Compliance to Organization's Conflict of Interest Policy:** All Directors, standing committee chairs, and Staff shall ensure at all times that their actions are in compliance with the organization's conflict of interest policy. They must sign the policy document at the time of assuming office or employment, and again annually thereafter.

**Personnel to Act in Accordance with NANOG By-Laws and 501(c)(3) Status:** All Directors, committee chairs, and Staff shall ensure at all times that their actions are in compliance with and follow the merit of NANOG's 501(c)(3) status.

HISTORY OF REVIEW/REVISIONS				
Date	Version	Action	Description	Approved By
2011			Newnog Financial Controls	Board of Directors
03/2015	New v1	Revisions	Newnog to NANOG,expanded ED authority, Removed CC limits given authority statement	Board of Directors
1/15/2021	v2	Revisions	Clarified Treasurer bank reconciliation,responsibility, removed petty cash,added capitalization policy, added in-kind services policy	Board of Directors