

# Standard Operating Procedure (SOP)

## Finance Manager – LINK of Hampton Roads

### Purpose

The purpose of this Standard Operating Procedure (SOP) is to outline the responsibilities and processes of the Finance Manager in a non-profit organization. The Finance Manager plays a crucial role in managing the financial operations of the organization, ensuring compliance with regulations, and providing accurate financial information for effective decision-making.

### Responsibilities

#### 2.1 Financial Planning and Budgeting

- Develop and maintain the organization's annual budget in collaboration with the executive team and program managers.
- Monitor budget execution, analyze variances, and provide regular reports to management, highlighting areas of concern or improvement.
- Assist in the preparation of funding proposals and grant applications, ensuring financial requirements are accurately reflected.

#### 2.2 Financial Reporting and Analysis

- Prepare monthly, quarterly, and annual financial statements in accordance with generally accepted accounting principles (GAAP) and organizational policies.
- Conduct financial analysis to identify trends, risks, and opportunities, and present findings to the executive team and board of directors.
- Facilitate annual audit with independent auditors by supplying all necessary documentation.

#### 2.3 Cash Flow Management

- Develop and implement effective cash flow management strategies, including cash flow projections, monitoring of receivables and payables, and optimizing cash reserves.
- Oversee the preparation and processing of payments to vendors, employees, and other stakeholders, ensuring accuracy and adherence to internal controls.
- Monitor banking activities, reconcile bank statements, and manage relationships with financial institutions.

#### 2.4 Grant and Contract Management

- Collaborate with program managers to ensure compliance with financial terms and conditions of grants and contracts.
- Maintain an accurate record of grants and contracts, including reporting requirements, deadlines, and deliverables.
- Prepare financial reports for grantors and funding agencies, ensuring compliance with grantor guidelines and regulations.

#### 2.5 Internal Controls and Compliance

- Establish and maintain effective internal control systems to safeguard organizational assets and ensure compliance with financial policies and procedures.
- Conduct regular internal audits to assess compliance with financial regulations, identify risks, and recommend corrective actions.
- Stay updated with relevant financial regulations, accounting standards, and best practices in non-profit financial management.

## Procedures

### **3.1 Financial Planning and Budgeting Procedure**

- Collaborate with program managers and the executive team to develop the annual budget.
- Monitor actual spending against budgeted amounts and prepare periodic budget performance reports.
- Revise the budget as necessary based on changing circumstances and priorities.

### **3.2 Financial Reporting and Analysis Procedure**

- Prepare accurate and timely financial statements, including the income statement, balance sheet, and income statement by class.
- Perform financial analysis to identify key trends, ratios, and financial indicators.
- Present fiscal year end reports and backup for independent auditors. Also present financial reports to the executive team and board of directors.

### **3.3 Cash Flow Management Procedure**

- Prepare cash flow projections based on anticipated revenues and expenses.
- Monitor receivables and payables, ensuring timely collection and payment.
- Maintain adequate cash reserves and manage investments to maximize returns.

### **3.4 Grant and Contract Management Procedure**

- Collaborate with program managers to ensure grant and contract compliance.
- Maintain an organized record of grants and contracts, including relevant financial information.
- Prepare and submit accurate financial reports to grantors and funding agencies.

### **3.5 Internal Controls and Compliance Procedure**

- Establish and document financial policies and procedures.
- Conduct regular internal audits to assess compliance and identify areas of improvement.
- Implement and monitor internal controls to minimize financial risks and fraud.
- Documentation and Recordkeeping
- Maintain organized and accurate financial records, including invoices, receipts, and financial reports.
- Store and secure financial documents in accordance with legal and regulatory requirements.
- Establish a recordkeeping system to ensure easy retrieval of financial information when needed.
- Training and Development
- Stay updated with industry best practices and changes in financial regulations.

- Attend relevant training programs, seminars, and workshops to enhance financial management skills.
- Provide training and guidance to staff members on financial policies, procedures, and systems.
- Revision and Approval

This SOP should be reviewed periodically to ensure its relevance and effectiveness. Any updates or changes to the SOP should be approved by the appropriate management authority before implementation.

By following this Standard Operating Procedure (SOP), the Finance Manager will be able to fulfill their responsibilities effectively, maintain financial integrity, and contribute to the success of the non-profit organization.

**If interested, please contact:**

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