



NEW YORK WING CIVIL AIR PATROL

WING BANKER PROGRAM FOR UNITS BELOW WING LEVEL

April 2015

This publication was developed to inform the units below wing level of the procedures involved in implementing the Wing Banker Program. It was originally developed by the financial management staff at Pennsylvania Wing, Civil Air Patrol. This PA Wing manual has been adopted with their permission.

Any comments or suggestions are to be directed to the New York Wing Director of Finance, nywingfm@gmail.com or the Wing Senior Administrator, nywingfinance@gmail.com.

WHY ARE WE DOING THIS

In the past Civil Air Patrol, Inc. had received only qualified annual audit reports from their outside audit firm. The reason for the qualification was that the financial statements did not include the accounts and financial transactions of units below wing level, meaning that funds at units below wing level were not audited. These unaudited funds were considered material in relation to the entire corporate total of audited funds. An unqualified audit will result in additional opportunities for funding for the entire corporation. In addition, an unqualified audit results in greater accountability and consistency and increases the confidence and trust of Civil Air Patrol members, government entities and the public.

In 2005, Virginia Wing developed a plan to solve the problem. They decided to ask their units to close out all their bank accounts and send the money to wing HQ. Wing HQ would open a separate checking and savings account into which the unit monies would be deposited. The advantages of the wing acting as the “banker” for the unit’s monies include obtaining an unqualified audit opinion, all accounting being on the accrual basis (units below wing level were then on a cash basis), all funds being audited, and better reporting. This Program eliminated the need for financial recordkeeping at the unit level, which in turn eliminated the need to consolidate all units below wing level at yearend. It also relieved the burden on unit finance officers for reporting, writing checks, and reconciling the bank account each month.

The Board of Governors unanimously approved the Audit Committee recommendation that Civil Air Patrol obtain an unqualified audit within three years. This goal was approved by the National Executive Committee, which voted in May 2007 to have all wings fully compliant with the Wing Banker Program (WBP) effective 1 October 2007. Civil Air Patrol, Inc. subsequently received unqualified audits since then.

While there are minimal official recordkeeping requirements at the unit level under the new system, the unit finance committee continues to play an important part in the financial process. Wing will not pay bills on behalf of the unit until it receives the required approval(s). For requests under \$500, the requirement is the approved signature of any member of the finance committee that is given the authority (as provided on a current CAPF172, Section A). For requests OVER \$500, the requirement for approval is the signatures of the majority of the unit finance committee members (a minimum of 3 members on the committee is required: the Unit Commander, the Unit FO and any other selected member....the Unit Commander cannot be the Unit Finance Officer).

Approvals may be obtained via mail, fax, e-mail, or Sertifi® (however, email is the most expeditious and preferred method). There will be better accountability because payments are correctly authorized. Wing will not “float” funds for a unit if it does not have enough money in the bank. The unit will be required to deposit enough money to cover an outstanding bill before it will be paid. The unit must continue to account for all income deposited in the bank.

The Wing will use JPMorgan Chase (Chase) for the downstate Groups (CMG, LIG, NYC, SEG) and their squadrons, and M&T Bank for the remaining Groups (CNY, FLG, with the exception of NY212 which uses Chase, MEG, SCG, WNY) and their squadrons. When the unit makes deposits locally, the unit must notify wing, using the NY Wing Deposit Advice form (NYWg F 173D) as found on the Wing website, via email (preferred), fax or mail. The advice document will notify wing that the unit made the deposit and to what unit income accounts the money should be posted. This advice must be received at Wing HQ by the Senior Administrator within 7 days of the deposit. All Deposit Advice forms MUST have the UNIT CHARTER NUMBER on it as well as the unit name.

The Wing Banker Program offers a viable resolution to the qualified audit opinion. It also ends the problems encountered by the wings doing the consolidated unit report at year-end since this reporting requirement was eliminated. The inconsistency and inaccuracy of the unit reports will cease to be a problem at all levels of CAP. The problem of different accounting methods will also disappear. Units are on the accrual basis of accounting just like wings, regions and NHQ.

New York Wing is one of the larger wings implementing this system. The workload at Wing Headquarters has increased, so the Senior Administrator, the only paid employee and integral part of the process, works at wing HQ daily (excluding weekends, Holidays and vacation) therefore can process transactions on a timely basis.

The Unit Bank Account

NY Wing has opened unit checking and where requested, savings accounts at JPMorgan Chase or M&T. The NYWG Staff and Finance Committee did an extensive search on all regional banks in NY, locating all their branches then matching them up with all the unit locations. **If any unit has a problem with not being able to deposit money into these banks, deposits should be mailed to NYWG HQ. Wing cannot, however accept cash for deposit.**

All unit certificates of deposit (CD) and must be recorded in QuickBooks® at the wing level. The unit must ensure that the account address of record is NYWG HQ so the bank or brokerage statements come to NYWG HQ so that interest and any other transactions are properly recorded. Units may allow a CD to mature and move it to the new bank. If the CD is allowed to stay in the unit's local bank and is not moved to the new wing bank, the mailing address and signatures must be changed to NYWG HQ. Any withdrawals from the CD or brokerage accounts must have proper approvals and must be done through NY Wing HQ.

What is the Unit's Role?

Each unit must maintain a finance officer and finance committee as required in CAPR 173-1. This information will be documented on the CAPF172 found on the National Web Site. This form is submitted annually to the Wing FM (nywingfm@gmail.com) at the beginning of each fiscal year, NLT 30 Sept, as well as any time there is a Change of Command or the makeup of the Finance Committee changes. The unit finance officer, the unit commander, and/or a designated finance committee member must initiate and approve any expenses under \$500.00, unless included in the recurring expense policy. This approval may be accomplished on the Check Request Form (NY Wg F 173C as found on the Wing website). If the expense is \$500.00 or over, then a majority of the finance committee must indicate approval with signatures. A member of the finance committee cannot be the sole approver if the reimbursement is to themselves.

The unit finance committee will continue to function by meeting quarterly as per CAPR173-1, and record minutes. All expense approvals over \$500 should be noted in the minutes. Any electronic approvals should also be attached. The unit finance committee needs to continue to develop an annual budget to help manage the unit's finances, using the supplied template from Wing with appropriate account numbers. This budget must be submitted to the NYW FM using the standardized template provided no later than 1 October each year. They must also monitor their income and expenses to help verify that wing has recorded everything correctly. This will be done by reviewing the monthly reports that will be sent to each group commander for distribution to the units

The unit needs to ensure that all bills are forwarded to wing in a timely manner. Member reimbursement check requests will not be honored if submitted to Wing more than 60 days from the date on the invoice. This is in accordance with CAPR173-1. If there are extenuating circumstances that caused the delay, the unit commander needs to write a letter of documentation for the delay and send it up the chain of command for eventual approval at the National level. If the mailing address for approved recurring bills is changed to Wing HQ, then the unit needs to authorize Wing to pay those bills on a recurring basis by authorizing the recurring expense on the annual submission of the CAPF 172 (Section B). The address on these bills must include the unit number.

The unit needs to either make their deposits at the designated bank (preferred) or collect the checks and send them to Wing HQ. Wing cannot accept cash to deposit. The proper accompanying forms need to be filled out correctly and in a timely manner so that Wing HQ knows which unit is involved, what accounts to debit or credit, and the source and purpose of the funds, as requested on the Deposit Advice Form.

The unit will continue to be responsible for following fundraising procedures as required in CAPR 173-4. These procedures require the wing commander to approve all fundraising requests. In addition, the unit must provide an accurate accounting of funds raised to Wing HQ. Fundraising requests are made using NYWg F 173F (found on the Wing website).

The unit finance committee still continues to play a very important role and is crucial in the management of the unit's financial transactions. The only difference is that Wing is now directly responsible for all bank accounts. The units should also be reassured because Wing HQ is audited every year by the Wing Financial Analyst to make sure that everything is in order.

HOW DOES WING HANDLE THE ACCOUNTING?

Receiving Income

When the wing transitioned into the Wing Banker Program, Wing HQ received the initial funds from the units and they were posted as separate deposits for each unit. Each unit has a separate sub account.

Units may make deposits directly to the bank:

- When anyone is writing a check to your unit it should be made payable to: **NYWG CAP**. Have the unit number listed in the memo section of the check for identification and tracking.
- The unit must send a copy of deposit slip and a Deposit Advice form (NYWg F 173D, found on the Wing website) to Wing HQ within **7 days** so that the proper entries can be made. The form can be locally reproduced or electronically form-filled and printed out on your computer. Make sure to keep a copy of all deposits...the Wing form as well as the bank receipt for your unit's account reconciliation, which is STILL a function of the Unit Finance Officer.
- The unit will specify names and account numbers from the standard chart of accounts (as supplied on the budget template) and describe the transaction. Any income or expense associated with aircraft or vehicles must list the aircraft tail number or the vehicle ID#.
- If two or more units are participating in a fund raiser, a separate deposit transaction must be accomplished for each unit. **You cannot group deposits from different units**. If you only receive one check for the event the entire check will need to be deposited into one of the units accounts and check will need to be written from this unit to the other participating unit(s).
- Make sure you write the unit number (not just the unit name) on every document. This will help insure that all transactions are posted correctly.

Paying Bills

The Senior Administrator, or designee, will ensure that all necessary approvals have been obtained before paying any bills or honoring any member reimbursements. Verification of finance committee names and signatures with the annual submitted CAPF172 will be done for all requests. In addition to the annual submission, the F172 must also be re-submitted to Wing any time there is a change of command or the makeup of the Finance Committee changes.

Submitting unit bills to NY Wing HQ:

- All bills must be submitted on a NY Wing Check Request Form (NYWg F 173C) with proper approval before any bill can be paid. A copy of the original receipt, invoice, or bill must accompany all forms. Electronic submission is authorized (e-mail scans or faxed).
- Recurring Expense are invoices that units are paying on a routine basis, i.e. phone, electric, rent. Recurring expenses should be listed in the appropriate section on the F172.
- The unit finance committee must authorize all expenses \$500.00 and over in writing as part of their Finance Committee minutes, and by the appropriate number of signatures on the F173C. Under \$500.00 can be authorized by the unit commander or one of the approved members of the unit's finance committee (unless authorizing a self-reimbursement, which requires the signature of a different finance committee member).
- Supporting documentation and forms must be filed with the units finance paperwork. Actual receipts or invoices are required. Credit card receipts are unacceptable.
- **Make sure you write the unit number on every document.** This will help insure that all transactions are posted correctly (for instance, many units use Verizon, etc.).
- Copies of all check requests including bills and/or invoices should be kept or reconciliation of your units account. Knowledge of your current bank balance is an SUI question, and should be done at the local level. Verification can be made by viewing the latest statement as posted in the online repository.
- Forms and supporting documentation can be e-mailed (preferred) or faxed to NY Wing HQ, Attn: Wing Senior Administrator, nywingfinance@gmail.com.

Reconciling the Unit Checking Account

The NYWG Finance Staff will reconcile the bank accounts every month.

The NYWG Senior Administrator or Director of Finance may find discrepancies with an account, i.e. a deposit of which we have no record. This might occur when the units make deposits locally, and for some reason NYWG does not receive record of the deposit. If this

occurs an e-mail will be sent out listing the date and amount of the deposit and asking to whom it belongs. The claiming unit of the deposit will need to mail, fax or email (preferred) the deposit slip and Deposit Advice form so they may receive proper credit.

After the monthly reconciliation is complete, a register extract will be posted in the Wing's online Financial Repository. Each group commander has access to this repository and is required to distribute the register spreadsheet to their subordinate unit commanders. The units should keep copies of all transactions (deposits and bills/invoices) for reconciliation of your units account. It is not Wing's responsibility to continually provide "on demand" account balances.

If the unit finance committee finds any discrepancies with the unit account statement, e-mail the NYWG Senior Administrator as soon as possible with details of the discrepancy so corrections can be made.

Unit Savings Account Interest

If a unit has funds that are not budgeted to be used for more than 6 months, the unit can request that the funds be transferred into the unit saving account where the unit will receive interest every month in the unit's account.

Any unit that wants to invest in a CD or other investment needs to contact NYWG Director of Finance to review options and open an account. Local suggestions are encouraged.

Questions

Any questions can be e-mailed to: Lt Col Sharon Brana, NYWG Director of Finance, nywingfm@gmail.com.

Or, Senior Administrator Anne Lipson, nywingfinance@gmail.com.

NY Wing Headquarters
24 Loop Road, Bldg. 1
Westchester County Airport
White Plains, NY 10604-1218
Main Line (914) 683-1000
Finance Direct Line (914) 683-1004
FAX Only (914) 683-1005

Glossary of Accounting Terms

Auditor Opinion - The auditor's opinion is the most important part of the audit report that is provided on company accounts.

The auditor will give an opinion that is unqualified, qualified, adverse or that there is a fundamental uncertainty. A fundamental uncertainty means that the auditor is unable to express an opinion.

A disclaimer of opinion is issued when the auditor is unable to express an opinion. An auditor may draw investor's attention to a fundamental uncertainty, but this does not necessarily mean that the audit is qualified.

Unqualified Audit - If there are no problems found during an audit, the auditor will state "in our opinion the financial statements give a true and fair view..." Such an audit opinion is given when there has been no limitation on scope and the auditor agrees with the treatment and disclosure of information the financial statements.

The accounts of listed companies are almost always given an unqualified opinion on the audit report, as potential problems will be identified and dealt with ahead of the release of the financial statements.

Qualified Audit - Qualified Audit A qualified opinion is given in the auditor's report if there is a limitation on scope or if the auditor disagrees with the treatment or disclosure of information in the financial statements. Except for the qualification of a particular issue, the rest of the financial statements will give a true and fair view. The accounts of listed companies are rarely qualified and it would seriously undermine confidence in the management if they were.

Accrual Accounting - An accounting method that measures the performance and position of a company by recognizing economic events regardless of when cash transactions happen.

Notes: The opposite of this is cash accounting, which recognizes transactions only when there is an exchange of cash. But under accrual accounting, for example, if you buy a stereo on credit, the company you buy from would still recognize the event as a transaction.

Cash Accounting - An accounting method where receipts are recorded during the period they are received, and the expenses in the period in which they are actually paid.

Notes: Basically, when the cash is received for a sale, it is recorded in the accounting books as a sale. This is in contrast with accrual accounting, where revenue and expenses are recorded when they are incurred.