



**NEW YORK WING
CIVIL AIR PATROL**

**WING BANKER PROGRAM FOR UNITS
BELOW WING LEVEL**

June 2007

This publication was developed to inform the units below wing level of the procedures in implementing the Wing Banker Program. It was 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 Finance Director, lmendez@ix.netcom.com or the Wing Bookkeeper. The Wing Bookkeeper is an open position which we are actively looking for and interviewing interested personnel.

WHY ARE WE DOING THIS

Civil Air Patrol, Inc. has received only qualified annual audit reports from their outside audit firm. The reason for the qualification is that the financial statements do not include the accounts and financial transactions of units below wing level, meaning that funds at units below wing level are not audited. These unaudited funds are 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 will result in greater accountability and consistency and will increase the confidence and trust of Civil Air Patrol members, government entities and the public. The Board of Governors unanimously approved the Audit Committee recommendation that Civil Air Patrol obtain an unqualified audit within three years. This goal has also been approved by the National Executive Committee, which voted May 2007 to have all wings fully compliant with the Wing Banker Program (WBP) 1 October 2007.

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 are on the cash basis), all funds being audited, and better reporting. This Program eliminates the need for financial recordkeeping at the unit level, which in turn eliminates the need to consolidate all units below wing level at year-end. It also relieves the burden on unit finance officers for reporting, writing checks, and reconciling the bank account each month.

While there is no recordkeeping requirement 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 they receive the required approvals. The requirement for approvals of two finance committee members for expenses over \$250.00 continues. Approvals may be obtained via mail, fax, or e-mail. 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 six Groups and their squadrons, and HSBC Bank for the remaining three Groups and their squadrons. When the unit makes deposits locally, the unit must notify wing, using the NY Wing Deposit Advice document, via email, fax or mail. The information will notify wing that the unit made the deposit and to what income accounts the money should be posted.

The Wing Banker Program offers a viable resolution to the qualified audit opinion. It will also end the problems encountered by the wings doing the consolidated unit report at year-end since this reporting requirement will be 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 will now be on the accrual basis of accounting just like the wings, regions and NHQ. The Wing Banker Program has been endorsed and mandated by the Board of Governors. Beginning October 2007, New York Wing will be actively participating.

The New York Wing is one of the larger wings implementing this system. While the workload may increase, the Wing Bookkeeper, an integral part of the process works at wing HQ every day and can process transactions on a timely basis. We look forward to a successful conversion.

WHAT SHOULD WE DO FIRST?

A Plan and Timetable have been developed by the NY Wing Finance Committee

- A Presentation was given at the New York Wing Conference, but it was not well attended.
- NY Wing will be using two Banks for all transactions, JPMorgan Chase and HSBC.
- NY Wing has a separate checking and savings account that will be used only for the units below wing transactions.
- All units will need to submit the New York Wing Finance Committee Authorization. This form will list the members of their units finance committee along with their signatures for check request approvals purposes by 15 July 2007 and update each year or with each change in staff.
- All units will be issued deposit slips by 15 July 2007.
- NY Wing Bookkeeper has already created the necessary sub-accounts and classes in QuickBooks®.
- All units must send a check(s) closing all bank accounts to NY Wing Headquarters by 15 August 2006. (Make sure you leave enough money in the account to clear all uncashed transactions.)

- Any funds not received by NY Wing Headquarters by 30 September 2007 will require special reporting to National Headquarters by the units in the next fiscal year.
- The Units 2007 CAPF 173-1 must be received at NY Wing Headquarters by 31 October 2007.
- The final bank statement closing all accounts must be sent to NY Wing Headquarters by 31 October 2007.
- This manual contains the procedures for processing income and expenses, as well as periodic reporting to the units. This document is not complete, it is a working document. It will be revised and developed as we all work together through this first year.
- If units have certificates of deposit these accounts **should not be closed**. Most certificates of deposit or some investment accounts have penalties for early withdrawal. These need to be identified and reviewed with the Wing Finance Director individually prior to 30 September 2007. The address of the account needs to be changed to The New York Wing Headquarters, 817 Stewart Ave. (Rear), GARDEN CITY NY 11538-4856 by 30 September 2007, for proper accounting. In addition, the signers will have to be updated to include the signers from the NYWG finance committee. When the accounts mature the units finance committee along with the NYWG finance committee will collectively make the decision on future investment of these accounts.
- Each unit needs to maintain their finance committee. This committee will develop the unit's budget, authorize payments and make deposits.
- Every unit will receive a monthly accounting report of all their funds by the NY Wing Bookkeeper. This report must be reviewed for accuracy every month by the units finance committee.
- Units are not authorized to have a petty cash fund.

Please send any questions by e-mail to the Wing Finance Director, Leslie Mendez llmendez@ix.netcom.com. The more questions you ask about the plan, the smoother the transition. This program is mandatory, not voluntary. Separate bank accounts and periodic reporting will be used.

The New Unit Bank Account

NY Wing has opened a checking account and Savings accounts at JPMorgan Chase and HSBC. Units with savings accounts are asked to contact the Director of Finance. If there is already an account out there with a good interest rate, we may be able to adopt that account for all units. 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 this bank, deposits should be mailed to NYWG HQ.**

Any unit's certificates of deposit (CD) or some investment accounts (other than savings accounts) may be maintained to avoid penalties. The money must be recorded in

QuickBooks® at the wing level. The unit must change the address to NYWG HQ so the bank statements or brokerage statements come to NYWG HQ so that interest and any other transactions are properly recorded. The unit may also 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. The unit finance officer, the unit commander, or a designated finance committee member must initiate and approve any expenses under \$250.00, unless included in the recurring expense policy. This approval may be accomplished on the Check Request Form. If the expense is over \$250.00, then a majority of the finance committee must indicate approval with signatures.

The unit finance committee must continue to function and record minutes. All approvals should be noted in the minutes. Any electronic approvals should also be attached. The unit finance committee should continue to develop a budget to help manage the unit's finances. 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 unit by wing HQ.

The unit needs to ensure that all their bank accounts are closed and the money is forwarded to wing within the allotted time period. The final CAPF 173-1 and a copy of the bank statement showing a zero balance also needs to be sent to wing by the 31 October 2007 deadline. Once this report is accomplished, the unit will never have to complete this report again.

The unit needs to ensure that all bills are forwarded to wing in a timely manner. 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 through a recurring expense authorization. An example of a unit recurring expense policy is attached. The address on these bills must include the unit number.

The unit needs to either make their deposits at the designated bank or collect the checks and send them to wing HQ. 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.

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.

The unit finance committee 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 their bank, their accountant, and their reporter. The units should also be reassured because wing HQ is audited every year by the wing financial analyst.

HOW DOES WING HANDLE THE ACCOUNTING?

Receiving Income

When wing HQ receives the initial funds from the units it will be posted as separate deposit for each unit. Each unit will have a separate sub account.

After the initial funds are received at NYWG the units may make the deposit directly to the bank:

- When anyone is writing a check to your unit it should be made payable to: NYWG CAP Unit NY_____ (your unit number).
- The unit must send a copy of deposit slip and a Deposit Advice form to wing HQ so that the proper entries can be made. The form can be found on the NY Wing Web Site and can be locally produced or electronically form filled and printed on your computer.
- The unit will specify names and account numbers from the standard chart of accounts and describe the transaction. Any income or expense associated with the aircraft must list the aircraft tail number.
- If two or more units are participating in a fund raiser a separate deposit transaction must be accomplished for each unit. You cannot group different unit deposits. 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).
- If the unit sends the checks to wing to be deposited the unit still needs to send a Deposit Advice form and the complete deposit slip for the bank. All entries on the deposit must be classed.
- Make sure you write the unit number on every document. This will help insure that all transactions are posted correctly.
- Copies of all deposits slips and checks should be kept for reconciliation of your units account.

Paying Bills

The NY Wing will ensure that all necessary approvals have been obtained before paying any bills.

Submitting unit bills to NY Wing HQ:

- All bills must be submitted on a NY Wing Check Request Form or a Recurring Expense Form with proper approval before any bill can be paid. A copy of the original receipt/invoice/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.
 - The unit finance committee must authorize all expenses over \$250.00 in writing. Under \$250.00 can be authorized by the unit commander or one of the approved members of the unit's finance committee.
 - Supporting documentation and forms must be filed with the units finance paperwork.
 - Make sure you write the unit number on every document. This will help insure that all transactions are posted correctly.
 - Copies of all check request including bills and/or invoices should be kept for reconciliation of your units account.
 - Forms and supporting documentation can be e-mailed or faxed to NY Wing HQ. lmendez@ix.netcom.com.
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Reconciling the Unit Checking Account

The NYWG Finance Director will reconcile the accounts every month.

The NYWG Bookkeeper or Finance Director may find discrepancies with 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 the deposit slip and Deposit Advice form so they may receive proper credit.

After the reconciliation is complete, each unit will be e-mailed a statement that the unit's finance committee should review. The units should keep copies of all transactions (deposits and bills/invoices) for reconciliation of your units account.

If the unit finance committee finds any discrepancies with the unit account statement e-mail the NYWG bookkeeper 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 units account.

NYWG will be absorbing all the mailing cost, checks, deposit slips, and accounting fees.

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

Questions

Any questions can be e-mailed to:

Leslie Mendez, NYWG Director of Finance lmendez@ix.netcom.com .

Or call NYWG Headquarters

New York Wing Headquarters
817 Stewart Avenue (Rear)
GARDEN CITY NY 11530-4856

Glossary of Accounting Terms

Auditor Opinion - The auditors 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 investors 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 auditors' 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.