



## Workforce Innovation and Opportunity Act

# Accounting and Financial Policies and Procedures Manual

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## **Introduction**

The following accounting manual is intended to provide an overview of the accounting policies and procedures applicable to the Northeast Workforce Development Board, Inc. (NEWDB).

The Northeast Workforce Development Board is incorporated in the state of Oklahoma. Northeast Workforce Development Board is exempt from Federal income taxes under IRS Section 501(c)(3) as a nonprofit corporation. This manual shall document the financial operations of the NEWDB. Its primary purpose is to formalize accounting policies and selected procedures for the accounting staff and to document internal controls.

The Executive Director has the authority to change the policy as it may be required by federal, state or local regulations or policies.

## **General Policies**

### **Accounting Department Overview**

#### **Organization**

The accounting department consists of staff that manages and processes financial information for the Northeast Workforce Development Board. The positions comprising the accounting department of Northeast Workforce Development Board are as follows:

- Fiscal Officer
- Executive Assistant
- Executive Director
- Other staff as assigned

#### **Fiscal Officers' Responsibilities**

The Fiscal Officer is responsible for the proper oversight of program expenditures of grant funds and in accordance with funding source guidelines and NEWDB's fiscal policies. Further the Fiscal Officer is responsible for establishing and administering procedures necessary to comply with the Fiscal Policies of the Board and the various funding sources. Coordination shall exist between the Executive Director, Fiscal Officer, the CLEO and the Board. Specific responsibilities include the maintenance of financial records, payment of bills, payrolls and all standard accounting methods. In addition, the processing of monthly financial statements and financial projections for the Executive Director shall be accomplished by the Fiscal Officer. Procedures established are directed towards the accountability of all funds received and disbursed on behalf of the agency and its mission.

The Fiscal Officer is further responsible for the management of allocated funds; ensuring funds stay within line items in the budget, and authorizing the proper funding source and category in discharging financial obligations. The development of program budgets is the responsibility of the Fiscal Officer and Executive

Director, with final approval by the Board and LEOs. Programmatic records will be retained for a period of three years after the audit and/or resolution of any audit related findings. It shall be the responsibility of the Fiscal Officer to retain all financial records for a period of three years after the audit and/or resolution of any audit related findings.

### **Responsibilities**

The primary responsibilities of the accounting department consist of:

- General Ledger
- Cash and Innovation Management
- Grants and Contracts Administration
- Accounts Receivable and Billing
- Accounts Payable
- Financial Statement Processing
- External Reporting of Financial Information
- Reconciliation of Sub-Ledgers
- Leases
- Compliance with Government Reporting Requirements
- Budgeting
- Asset Management
- Purchasing
- Cash Receipts
- Cash Disbursements
- Payroll and Benefits
- Bank Reconciliation
- Annual Audit
- Insurance

**Employees' Responsibilities**

All employees of the NEWDB are responsible for the timely and accurate completion of fiscal documents and forms. These should be completed in an efficient, cost effective manner ensuring that public funds are properly expended toward achievement of the mission of the agency.

**Business Conduct****Practice of Ethical Behavior**

Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The policies and reputation of Northeast Workforce Development Board depend to a very large extent on the following considerations:

- Each employee must apply his/her own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. It is each employee's responsibility to apply common sense in business decisions where specific rules do not provide all the answers (see employees' code of conduct).
- Executive Director is responsible for the ethical business behavior of his/her subordinates and must weigh carefully all courses of action suggested in ethical, as well as economic terms, and base his/her final decisions on the guidelines provided by this policy, as well as his/her personal sense of right and wrong.

**Conflicts of Interest**

In addition, no employee, officer, agent or member of the board of Northeast Workforce Development Board shall participate in the selection, award, or administration of a contract involving Northeast Workforce Development Board if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, or any member of his/her immediate family, his or her partner, or an Organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected. All employees and Board Members are required to sign a conflict of interest form. See Conflict of Interest Policy for form.

**Compliance with Laws, Regulations, and Organization Policies**

The Northeast Workforce Development Board does not tolerate the willful violation or circumvention of any Federal, state, local, or foreign law by an employee during the course of that person's employment; nor does the NEWDB tolerate the disregard or circumvention of Northeast Workforce Development Board policy or engagement in unscrupulous dealings. Employees should not attempt to accomplish by indirect means, through agents, or intermediaries, that which is directly forbidden.

Implementation of the provisions of this policy is one of the standards by which the performance of all levels of employees will be measured.

### **Disciplinary Action**

Failure to comply with the standards contained in this policy or any other policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to NEWDB or to the government, for any loss or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any employee charged with a violation of this policy will be afforded an opportunity to explain her/his actions before disciplinary action is taken.

Disciplinary action will be taken:

- Against any employee who authorizes or participates directly in actions that are a violation of this policy.
- Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
- Against any employee who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

### **Fraud Policy**

#### **Scope**

This policy applies to any fraud or suspected fraud involving employees, officers, or directors, as well as members, vendors, consultants, contractors, funding sources and/or any other parties with a business relationship with Northeast Workforce Development Board. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship with Northeast Workforce Development Board.

#### **Policy**

NEWDB staff is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact, or the intentional perversion of truth in order to induce another to part with something of value. Each member of the NEWDB Board staff will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately to the Executive Director, Fiscal Officer or, alternatively, to the Chair of the Northeast Workforce Development Board, who coordinates all investigations.

**Actions Constituting Fraud**

The terms fraud, defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

1. Any dishonest or fraudulent act
2. Forgery or alteration of any document or account belonging to Northeast Workforce Development Board
3. Forgery or alteration of a check, bank draft, or any other financial document
4. Misappropriation of funds, securities, supplies, equipment, or other assets of Northeast Workforce Development Board
5. Impropriety in the handling or reporting of money or financial transactions
6. Disclosing confidential and proprietary information to outside parties
7. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to Northeast Workforce Development Board. Exception: gifts less than a material value.
8. Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment
9. Any similar or related irregularity

**Other Irregularities**

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by the Executive Director.

If there is a question as to whether an action constitutes fraud, contact the Executive Director or the Board Chair for guidance.

**Investigation Responsibilities**

The Executive Committee has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. The Executive Committee may utilize whatever internal and/or external resources it considers necessary in conducting an investigation. If an investigation substantiates that fraudulent activities have occurred, the Executive Committee will issue reports to the Northeast Workforce Development Board.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and the

Executive Committee, as will final dispositions of the case.

If suspected fraud or other wrongdoing involves programs funded in whole or in part with Federal funds, additional responsibilities, such as special reporting and disclosure to the awarding agency, may apply to NEWDB. It is the policy of Northeast Workforce Development Board to fully comply with all additional reporting, disclosure, and other requirements pertaining to suspected acts of fraud as described in award documents.

### **Confidentiality**

The Executive Committee and the Executive Director shall treat all information received as confidential. Any employee who suspects dishonest or fraudulent activity will notify the Executive Director or the Board Chair immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see Reporting Procedures section below).

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect Northeast Workforce Development Board from potential civil liability.

### **Authority for Investigation of Suspected Fraud**

Members of the NEWDB Executive Committee will have:

1. Free and unrestricted access to all NEWDB records and premises, whether owned or rented; and
2. The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody or any such items or facilities when it is within the scope of their investigations.

### **Reporting Procedures**

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will contact the Executive Director or the Chair of the Board immediately. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Executive Committee or legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation", "the crime", "the fraud", "the forgery",

“the misappropriation”, or any other specific reference.

The reporting individual should be informed of the following:

1. Do not contact the suspected individual in an effort to determine facts or demand restitution.
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the NEWDB legal counsel or the Executive Committee.

## **Security**

### **Accounting Department**

A lock will be maintained on the door leading into the NEWDB office(s). This door shall be closed and locked in the evenings. The key to this lock will be provided to Northeast Workforce Development Board personnel. The lock will be changed whenever any of these individuals leaves the employment and does not turn in their office key.

The NEWDB corporate blank check stock shall be stored within the Fiscal Officer office in a locked file cabinet. The cabinet will be locked with a key. Access to this office shall be by keys in the possession of the Executive Director and Fiscal Officer.

### **Access to Electronically Stored Accounting Data**

It is the policy of NEWDB to restrict access to accounting software and data. Only duly authorized accounting personnel with data input responsibilities and the Executive Director will be granted access to the server drive that contains the accounting software.

Accounting personnel are expected to keep their logins to the accounting software secret. Administration of access to the accounting software shall be performed by a responsible individual independent of programming functions. Each drive enables a user to gain access to only those software and data files necessary for each employee's required duties.

### **Storage of Back-up Files**

It is the policy of NEWDB to maintain daily and weekly back-up copies of electronic data files off-site in a secure, electronic file different from the accounting software backup. Access to back-up files shall be limited to individuals authorized by the Executive Director.

## **Technology and Electronic Communications**

### **Purpose and Scope**

The purpose of this policy is to identify guidelines for the use of NEWDB technologies and communications systems. This policy establishes a minimum standard that must be upheld and enforced by users of the NEWDB's technologies and communications systems.

The term "user", as used in these policies, refers to employees (whether full-time, part-time or limited-term), independent contractors, consultants, and any other user having authorized access to, and using any of, the Organization's computers or electronic communications resources.

Computer and electronic communications resources include, but are not limited to, host computers, file servers, stand-alone computers, laptops, printers, fax machines, phones, on-line services, E-mail systems, bulletin board systems, and all software that is owned, licensed, or operated by NEWDB.

### **Acceptable Use of Northeast Workforce Development Board Property**

Use of the NEWDB's computers and electronic communications technologies is for programmatic and business activities of NEWDB. All use of such resources shall be in an honest, ethical, and legal manner that conforms to applicable license agreements, contracts, and policies regarding their intended use (see computer usage policy). Although incidental and occasional personal use of the Organization's communications systems are permitted, users automatically waive any rights to privacy.

In addition, the information, ideas, concepts, and knowledge described, documented, or contained in the NEWDB electronic systems are the intellectual property of NEWDB. The copying or use of the NEWDB's intellectual property for personal use or benefit during or after employment (or period of contract) with NEWDB is prohibited unless approved in advance by the Executive Director.

All hardware (laptops, computers, monitors, mice, keyboards, printers, telephones, etc.) issued by NEWDB is the property of the Organization and should be treated as such. Users may not physically alter or attempt repairs on any hardware. Users must report any problems with hardware to the Executive Director or Executive Assistant.

### **Password Security**

All NEWDB Computer users are responsible for safeguarding their login passwords. Each user is required to create a login password for computers assigned to them. Service provider staff must provide Login passwords must to their Project Manager and the NEWDB Executive Assistant for board staff. Passwords may not be shared, nor should they be printed or stored on-line. Users should not leave their computers unattended without logging off.

The Project Manager will be required to manager the passwords and monitor the passwords on employee's computer once a month to ensure they have not been changed by employees without informing the Project Manager of the new password. Compliance Monitor may monitor the password on computers quarterly for compliance as well. The project manager and the Compliance Monitor will notify the NEWDB Executive Assistant of any changes.

**Confidentiality**

All information about individuals, families or organizations served by NEWDB is confidential. No information may be shared with any person or organization outside NEWDB except as allowed by policy.

**Copyrighted Information**

Use of NEWDB electronic communication systems to copy, modify, or transmit documents, software, information or other materials protected by copyright, trademark, patent or trade secrecy laws, without obtaining prior written permission from the owner of such rights in such materials, is prohibited.

**Installation of Software**

The installation of new software on the computers of NEWDB without the prior approval of the Executive Director, or his designee, is prohibited. If an employee desires to install any new programs onto a NEWDB computer, written permission should first be obtained.

**Other Prohibited Uses**

Other prohibited uses of the Organization's communication systems include, but are not limited to:

1. Engaging in any communication that is discriminatory, defamatory, pornographic, obscene, racist, sexist or that evidences religious bias, or is otherwise of a derogatory nature toward any specific person, or toward any race, nationality, gender, marital status, sexual orientation, religion, disability, physical characteristic, or age group.
2. Browsing or downloading and/or forwarding and/or printing pornographic, profane, discriminatory, threatening or otherwise offensive material from any source including, but not limited to, the Internet.
3. Engaging in any communication that is in violation of Federal, state or local laws.
4. Proselytizing or promoting any religious belief or tenet.
5. Campaigning for or against any candidate for political office or any ballot proposal or issue.
6. Sending, forwarding, redistributing or replying to "chain letters."
7. Unauthorized use of passwords to gain access to another user's information or communications on NEWDB systems or elsewhere.
8. Advertising, solicitation or other commercial, non-programmatic use.
9. Knowingly introducing a computer virus into the NEWDB's communication system or otherwise

knowingly causing damage to the NEWDB systems.

10. Using the NEWDB's systems in a manner that interferes with normal business functions in any way, including but not limited to, streaming audio from the Internet during business hours, stock tickers, installing unauthorized software, etc.
11. Excessive personal use of the Organization's technologies that preempts any business activity or interferes with Organizational productivity.
12. Sending E-mail messages under an assumed name or obscuring the origin of an E-mail message sent or received.

### **Disciplinary Action for Violations**

The NEWDB requires all users to adhere to this policy. Violations of this policy will result in disciplinary action, which could include termination of employment or cancellation of contracts.

### **Reporting of Suspected Violations**

Suspected violations of these policies should be immediately and confidentially reported to the Executive Director. If you prefer not to discuss it with the Executive Director, you may contact the Board Chair.

NEWDB reserves the right to install programs that monitor employee use of the Internet and electronic communication systems and to act on any violations of these policies found through use of such programs. NEWDB further reserves the right to examine any and all electronic communications sent or received by employees via the Organization's electronic communications systems.

### **General Ledger and Chart of Accounts**

The general ledger is defined as a group of accounts that supports the information shown in the major financial statements. The general ledger is used to accumulate all financial transactions of NEWDB and is supported by subsidiary ledgers that provide details for certain accounts in the general ledger. The general ledger is the foundation for the accumulation of data and reports.

### **Chart of Accounts Overview**

The chart of accounts is the framework for the general ledger system, and therefore, the basis for NEWDB accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, equity, revenue, expense and gain and loss account.

NEWDB's chart of accounts is comprised of six (6) types of accounts:

1. Assets
2. Liabilities
3. Equity
4. Revenues
5. Expenses
6. In-kind

Each two-digit Fund code shall be followed by a seven-digit Fund (Grant) SRC code, a four-digit General Ledger code, a two-digit Program Code, and a four-digit Activity Code. This coding has been developed to coincide with reporting requirements.

**Distribution of Chart of Accounts**

All NEWDB employees involved with account coding responsibilities (assignment or review of coding) or budgetary responsibilities will be issued a current chart of accounts. As the chart of accounts is revised, an updated copy of the chart of accounts shall be distributed to these individuals promptly.

**Control of Chart of Accounts**

NEWDB’s chart of accounts is monitored and controlled by the Fiscal Officer. Responsibilities include the handling of all account maintenance, such as additions and deletions. Any additions or deletions of accounts should be approved by the Fiscal Officer, who ensures that the chart of accounts is consistent with the organizational structure of NEWDB and meets the needs of each division and department.

**Account Definitions**

Table 1: Account Definitions

General Ledger Account Range	Category	Definition
1000 – 1999	<b>Assets</b>	<u>Assets</u> are probable future economic benefits obtained or

		<p>controlled by the Organization as a result of past transactions or events. Assets of NEWDB are classified as current, fixed assets, contra-assets, and other assets.</p> <p><u>Current assets</u> are assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash, temporary Innovations, and receivables that will be collected within one year of the statement of financial position date.</p> <p><u>Fixed assets</u> are tangible assets with a useful life of more than one year that are acquired for use in the operation of the Organization and are not held for resale.</p> <p><u>Contra-assets</u> are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivable</p> <p><u>Other assets</u> include long-term assets that are assets acquired without the intention of disposing them in the near future.</p> <p>Some examples are security deposits, property, and long-term Innovations.</p>
2000 – 2999	<b>Liabilities</b>	<p><u>Liabilities</u> are probable future sacrifices of economic benefits arising from present obligations of the Organization to transfer assets or provide services to other entities in the future as a result of past transactions or events. Liabilities of NEWDB are classified as current or long-term.</p> <p><u>Current liabilities</u> are probable sacrifices of economic benefits that will likely occur within one year of the date of the financial statements or which have a due date of one year or less. Common examples of current liabilities include accounts payable, accrued liabilities, short-term notes payable, and deferred revenue.</p> <p><u>Long-Term Liabilities</u> are probable sacrifices of economic benefits that will likely occur more than one year from the date of the financial statements. An example is the non-current portion of a mortgage loan.</p>
3000 - 3999	<b>Equity</b>	<p><u>Equity</u> is the difference between total assets and total liabilities. See the next section for NEWDB Board’s policies on classifying equity.</p>

4000 – 4999	<b>Revenues (Grant)</b>	<u>Revenues</u> are inflows from grants received from government agencies.
5000 – 6999	<b>Expenses</b>	<u>Expenses</u> are outflows or other using up of assets or incurrence of liabilities from delivering or producing goods, rendering services, or carrying out other activities that constitute NEWDB ongoing major or central operations.
7000 – 7999	<b>Revenue (Other)</b>	<u>Revenues</u> are inflows or other enhancements of assets, or settlements of liabilities, from delivering or producing goods, rendering services, or other activities that constitute an Organization’s ongoing major or central operations.
9900 - 9999	<b>In-Kind</b>	<u>In-kind</u> is the recording of donations of space, volunteer time, services, and monies.

### Changes to the Chart of Accounts

Additions to, deletions from, or any other changes to NEWDB’s standard chart of accounts shall only be done with the approval of the Fiscal Officer and/or Executive Director

### Program Year of Organization

NEWDB shall operate on a Program year that begins on July 1<sup>st</sup> and ends on June 30<sup>th</sup>. Any changes to the Program year of the NEWDB must be ratified by majority vote of Northeast Workforce Development Board of Directors. The Federal Fiscal year begins Oct 1, and ends Sept 30 of each year.

### Journal Entries

All general ledger entries that do not originate from a subsidiary ledger shall be supported by a General Journal Voucher form (Appendix A), which shall include a reasonable explanation of each such entry.

Examples of such journal entries include:

1. Recording of non-cash transactions
2. Corrections of posting errors

### 3. Non-recurring accruals of income and expenses

The general journal form will be completed by the Fiscal Officer. When the entries are complete, they will be signed and dated by the Fiscal Officer. The Fiscal Officer will maintain a file of completed general journal forms.

## **Policies Associated with Revenues and Cash Receipts**

### **Revenue**

#### **Revenue Recognition Policies**

NEWDB receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements of NEWDB in the following manner:

1. Grant Income - Monthly accrual based on incurrence of allowable costs (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards)
2. Interest Income – Interest earned on bank accounts recorded as received.
3. In-Kind Income – Donations/contributions acquired and documented (see the next section on donations)
4. Miscellaneous Income - Recognized as income when received.
5. Elevate Youth Summit – Income collected from exhibitors, sponsorships or participant registration for the event.

### **Donations Received**

Policies of certain funding sources require that various types of donations be acquired and documented. Such "in-kind" donations contribute to the overall effectiveness of our mission and in specific cases, are mandatory to meet Federal guidelines. Donations include space, volunteer time, services, and monies. It is the responsibility of NEWDB to ensure that donation requirements are met, properly recorded and controlled. No type of donations will be utilized by employees for their personal use.

### **Donations of Space**

All Agency facilities for which rent and/or utilities may not be paid qualify as donated space. The number of square feet donated will be included in the space contracts with the fair market rental price per square foot to be determined by the owner of the property or by criteria available to the Organization. Donated space amounts will be maintained on the books of the Organization by the Accounting Department.

In instances where rent is paid for space but at a rate lower than fair market rental price, the difference between the two rates may be counted toward in-kind requirements. Furnished utility costs may be documented with receipts from utility companies or landlords as in-kind services. This is documented by using the form in Appendix B.

### ***Donations of Volunteer Time and Services***

This form of "in-kind" must be documented monthly as needed (Appendix B). Dollar amounts per hour for the donated time or service will be determined by the Executive Director and/or the Fiscal Officer according to the fair value of the service per hour. In the case of some special services, the amounts to be donated shall be included in a contract with documentation.

Upon certification of volunteer time, the Accounting Department will include the donated time in the books of the Organization.

### **Donations of Cash**

All donations of cash require the issuance of a receipt. Cash donations will be routed to the Accounting Department for recording and deposit.

### **Billing/Invoicing Policies**

#### **Overview**

The following is a list of items billed and/or accrued and received by NEWDB and the frequency with which each is billed:

#### **Accounts Receivable Entry Policies**

Posting of customer invoices to the accounts receivable subsidiary ledger shall be performed by individuals independent of the cash receipts function of NEWDB.

Posting of credit memos and other adjustments to customer accounts receivable shall also be performed by an individual independent of the cash receipts function of NEWDB and approved by the Fiscal Officer or Executive Director.

#### **Classification of Income and Equity**

All income received by NEWDB is classified as "unrestricted", with the exception of the following:

1. Grants and other awards received from government agencies or other grantors, which are classified as temporarily restricted; and
2. Special endowments received from donors requesting that these funds be restricted for specific purposes.

From time to time, NEWDB may raise other forms of contribution income which carry stipulations that NEWDB utilize the funds for a specific purpose or within a specified time period identified by the donor of the funds. When this form of income is received, NEWDB shall classify this income as *Temporarily Restricted* income.

As with all Temporarily Restricted equity, when the restriction associated with a contribution has been met (due to the passing of time or the use of the resource for the purpose designated by the donor), NEWDB will reclassify the related equity from "Temporarily Restricted" to "Unrestricted" in its Statement of Financial Position and reflect this reclassification as an activity in its Statement of Activities.

## **Cash Receipts**

### **Overview**

Cash (including checks payable to the NEWDB) is the most liquid asset NEWDB has. Therefore, it is the objective of NEWDB to establish and follow the strongest possible internal controls in this area.

### **Processing of Checks and Cash Received in the Mail**

For funds that are received at NEWDB cash receipts are immediately forwarded to the Executive Director to ensure cash is deposited on a timely basis.

Mail is opened by the Executive Director and a cash/check receipt log shall be prepared by the compliance monitor and forwarded to the Fiscal Officer.

The Fiscal Officer will code the duplicate deposit slips from the cash/checks received and compare them to the daily receipts log for discrepancies. Deposits are prepared and taken to the bank by the Executive Director.

The Fiscal Officer will maintain an electronic file of all recorded deposits.

The Fiscal Officer will prepare a journal entry or cash receipt to record all direct deposits transactions.

### **Endorsement of Checks**

It is the policy of NEWDB that all checks received that are payable to the NEWDB shall immediately be restrictively endorsed by the individual who prepares the daily receipts log. The restrictive endorsement shall be a rubber stamp that includes the following information:

1. For Deposit Only
2. NEWDB
3. The bank name
4. The checking account number

### **Timeliness of Bank Deposits**

It is the policy of NEWDB that bank deposits will be made on a daily basis.

### **Reconciliation of Deposits**

On a periodic basis, the Fiscal Officer, who does not prepare the initial cash receipts log or bank deposit, shall reconcile the logs of receipts to bank deposits reflected on the monthly bank statement. Any discrepancies shall be immediately investigated.

**Note:** This policy is intended as a supplement to, not a part of, the monthly bank reconciliation process. The intention is to establish an additional periodic reconciliation designed to identify any instances in which funds received and logged in were not deposited in a timely manner to the NEWDB's bank accounts.

### **Receipts**

Receipts must be issued for all incoming cash delivered to the Fiscal Officer.

### **Accounts Receivable Management**

#### **Monitor and Reconciliations**

On a monthly basis, a detailed accounts receivable report (showing aged, outstanding invoices by customer) is generated and reconciled to the general ledger by the Fiscal Officer. All differences are immediately investigated and resolved, and the Executive Director reviews the reconciliation.

#### **Collections**

Collections are performed on a monthly basis, according to a review of the outstanding items shown on the accounts receivable aging report. This report shows the current month's activity for each customer and prior months' balances outstanding for 30, 60, 90, and 120 days.

**Credits and Other Adjustments to Accounts Receivable**

From time to time, credits against accounts receivable from transactions other than payments and bad debts will occur. Examples of other credits include write offs, denials and adjustments for billing errors. All credits shall be processed by an employee who is independent of the cash receipts function. In addition, all credits shall be authorized by the Fiscal Officer.

**Accounts Receivable Write-Offs Authorization Procedures**

It is the policy of NEWDB to ensure that all available means of collecting accounts receivable have been exhausted before write-off procedures are initiated. If an account receivable is deemed uncollectible, the Executive Director must approve before the write-off is processed.

If write-off procedures have been initiated, the following accounting treatment applies:

1. Current year invoices that are written off will either be charged against an appropriate revenue or revenue adjustment account or against the original account credited.
2. Invoices written off that are dated prior to the current year will be treated as bad debt and will reduce the allowance for doubtful accounts, discussed in the next section.

**Reserve for Uncollectible Accounts**

It is the policy of NEWDB Board. to maintain a reserve for uncollectible accounts receivable. At the end of each fiscal year, the allowance for doubtful accounts is adjusted based on the following factors:

1. An analysis of outstanding aged accounts receivable
2. Historical collection and bad debt experience
3. Evaluations of specific accounts based on discussions with the department that originated the sale/service resulting in the receivable

Year-end adjustments to the reserve for uncollectible accounts shall be performed only with authorization and by the Fiscal Officer.

**This reserve account is used in the following year to write off those items that are deemed uncollectible from the prior year after further collection efforts have been abandoned, as described earlier.**

## **Policies Associated with Expenditures and Disbursements**

### **Purchasing Policies and Procedures**

#### **Overview**

THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY NEWDB.

It is the policy of NEWDB to follow a practice of ethical, responsible, and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The policies in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities.

#### **Responsibility for Purchasing**

The Executive Director authorizes all purchases.

#### **Non-Discrimination Policy**

All vendors/contractors who are the recipients of NEWDB funds, or who propose to perform any work or furnish any goods under agreements with NEWDB shall agree to these important principles:

No individual in the United States may, on the basis of race, color, religion, sex, national origin, age, disability, or political affiliation or belief, or, for beneficiaries, applicants, and participants only, on the basis of citizenship or participation in any WIOA Title I-financially assisted program or activity, be excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in the administration of or in connection with any WIOA Title I financially assisted program or activity.

#### **Purchases and Invoices**

The Accounting Department will not pay an obligation until the original invoice has been received and approved by the Executive Director. Invoices may be mailed, emailed or sent electronically directly to the Fiscal Officer by the vendor or by the purchaser. No financial obligation will be paid without an invoice approved by the Executive Director.

#### **Miscellaneous Reimbursement**

To be reimbursed for an approved purchase, the employee must fully complete a Miscellaneous Claim Form (<https://www.dropbox.com/sh/zsqfn72ab0y3ywd/AAAR8n-tXYKGeIBHAdi3s9d3a?dl=0>), attach a dated receipt of purchase, or back up documentation for the expenditure, obtain the Executive Director signature, and submit the Miscellaneous Claim form to the Fiscal Officer. A reimbursement check will be issued to the employees within ten (10) working days after receipt of the form.

### **Payment of Contracts**

All contracts/agreements are processed by the Fiscal Officer and signed by Executive Director. The accounting section will not affect contractual payments unless an approved contract signed by the Executive Director is on file. The signed contract will be maintained in an electronic file. Before payment, the individual monitoring the contract will, in writing, verify that the work or service has been completed according to the terms of the contract. After submission to the Fiscal Officer, payment to the contractor will be affected in accordance with the terms of the contract.

Ongoing contracts such as utility payments or contracts space will automatically be paid by the Fiscal Officer upon such receipt of a valid contract/lease and continue until contract/lease termination or amendment.

### ***Procedures***

All employees

1. **Purchase Request:** All employees requiring supplies to be purchased shall submit a purchase request to the Executive Assistant for review. The purchase request will specify:
  - item to be purchased
  - Preferred vendor
  - probable price
2. **Purchasing:** The Executive Assistant will verify the purchase follows grantor directives in obtaining best value before placing order. In addition to price, staff may also consider transportation costs, quality, and delivery time in determining supplier.
3. **Receipt of Goods or Services:** On receipt of the shipment or delivery of service, the receiving employee will sign a packing slip or receiving copy. All disbursements will be made according to the cost allocation procedures. The Executive Assistant will maintain the purchase documents in an electronic file.

### **Other Purchasing Requirements**

1. **Contracts:** A contract, letter, or memo authorizing the contract shall be on file. . The invoice is given to the Fiscal Officer who refers to the contract, letter, or memo number when making payment.
2. **Services of Continuing Nature:** In the case of services of a continuing nature, a copy of agreement or contract should be on file. All requests for payment will be verified by an examination of the contract.

**Procurement Methods and Records:** It is the policy of the NEWDB to adhere to procurement methods as prescribed in OWDI #10-2017 and all subsequent procurement guidance provided by OOWD.

**3. After solicitation from a number of sources, if competition is determined inadequate.**

- Procurement by sole source may be used only when the award of contract is infeasible under small purchase procedures (any procurement under \$3,000.00 does not require a competitive process), or competitive proposals and one of the above circumstances apply. Poor planning on the part of the sub-recipient shall not qualify as an emergency. Procurement may be handled as an emergency if the following occurs:
- A public calamity requires the prompt purchase of items to provide for public needs or preserve property;
- The item is necessary to preserve or protect the public health or safety of residents; or
- The item is made necessary by unforeseen damage to public property.

**4. Contracts and Contractor Administration:** After a contract has been approved, the Fiscal Officer, Compliance Monitor, and Executive Director will receive a copy of the terms, conditions and specifications, of the contract. The Compliance Monitor will evaluate contractor or vendor performance based on the contract terms, conditions, and specifications. This evaluation will be in writing and made a part of the contract files. A copy of this evaluation will be sent to the Executive Director.**Payment Authorization**

Payment Authorization is given by the Executive Director when invoices have been received from the vendors with appropriate documentation. Check register will be given to the Executive Director for final approval. All checks require one signature. Check numbers will be logged on the journal for accountability. All checks are pre-numbered and must be accounted for. After checks are mailed or distributed electronically, payment vouchers (*if any*) and invoices will be stamped paid indicating that payment has been made.

This same procedure will be used for contract payments and miscellaneous expense reimbursements.

**Affirmative Consideration of Minority, Small Business and Women Owned Businesses**

Positive efforts shall be made by NEWDB to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible. The following steps shall be taken in furtherance of this goal:

1. Ensure that small business, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.
2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms, and women's business enterprises.

3. Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms, and women's business enterprises.
4. Encourage contracting with consortiums of small businesses, minority owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually.
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the minority-owned firms and women's business enterprises.

### **Procurement Standards**

Before expenditures are made in which Federal and state funds are used, they must first be examined to determine if the costs are allowable, reasonable, and allocable to the award. This can be done using Uniform Administrative Requirements at 2 CFR Part 200, General Principles as a guide.

The procurement of supplies, equipment, construction, and services shall be obtained in an efficient and economical manner and shall be in compliance with the provisions of applicable Federal and State law, Executive Orders and policy guidance from the Oklahoma Office of Workforce Development.

1. Code of Conduct: The terms and conditions outlined in the NEWDB Code of Conduct policy must be adhered to.
2. Procurement Policy: NEWDB will adhere to the Oklahoma Office of Workforce Development's procurement policies and procedures, as well as those published by the U.S. Department of Labor and the Uniform Administrative Requirements.

### **Vendor Files and Required Documentation**

The Accounting Department shall create a vendor file for each new vendor from whom NEWDB purchases goods or services.

NEWDB shall obtain a completed Form W-9 or equivalent substitute documentation from all vendors to whom payments are made. A record shall be maintained of all vendors to whom a Form 1099 is required to be issued at year-end. Payments to such vendors shall be accumulated over the course of a calendar year.

See the section on "Payroll and Related Policies" for guidance on determining whether a vendor should be treated as an employee.

### **Ethical Conduct in Purchasing**

Ethical conduct in managing the NEWDB's purchasing activities is an absolute essential. Staff must always be mindful that they represent the Board and share a professional trust with other staff and the general membership.

Staff shall discourage the offer of, and decline, individual gifts or gratuities of value in any way that might influence the purchase of supplies, equipment, and/or services. Staff shall notify the Executive Director if they are offered such gifts.

### **Conflicts of Interest Prohibited**

When making purchases the terms and conditions outlined in the NEWDB Conflict of Interest policy must be adhered to.

### **Receipt and Acceptance of Goods**

A designated individual shall inspect all goods received. Upon receipt of any item from a vendor, the following actions shall immediately be taken:

1. Review packing slip for correct delivery point
2. Verify the quantity of boxes/containers with the packing slip
3. Examine boxes/containers for exterior damage
4. Note on the packing slip any discrepancies (missing or damaged boxes/containers, etc.)
5. Sign and date the packing slip
6. Retain a copy of the packing slip

It is the policy of NEWDB to perform the preceding inspection procedures in a timely manner in order to facilitate prompt return of goods and/or communication with vendors.

### **Political Intervention**

#### **Prohibited Expenditures**

Consistent with its tax-exempt status under the Internal Revenue Code, it is the policy of NEWDB that the Organization shall not incur any expenditure for political intervention. For purposes of this policy, political intervention shall be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the Federal, state or local level. Political intervention does not include lobbying activities, defined as the direct or indirect support or opposition for legislation, which is not prohibited under the Internal Revenue Code for NEWDB. Examples of prohibited political expenditures include, but are not limited to, the following:

1. Contributions to political action committees
2. Contributions to the campaigns of individual candidates for public office
3. Contributions to political parties
4. Expenditures to produce printed materials (including materials included in periodicals) that support or oppose candidates for public office
5. Expenditures for the placement of political advertisements in periodicals

### **Endorsement of Candidates**

It is the policy of NEWDB not to endorse any candidates for public office in any manner, either verbally or in writing. This policy extends to the actions of management and other representatives of NEWDB, when these individuals are acting on behalf of, or are otherwise representing, NEWDB.

### **Prohibited Use of Organization Assets and Resources**

It is the policy of NEWDB that no assets or human resources of NEWDB shall be utilized for political activities, as defined above. This prohibition extends to the use of NEWDB assets or human resources in support of political activities that are engaged in personally by board members, members of management, employees, or any other representatives of NEWDB. While there is no prohibition against these individuals engaging in political activities personally (on their own time and without representing that they are acting on behalf of NEWDB), these individuals must at all times be aware that NEWDB's resources cannot at any time be utilized in support of political activities.

### **Accounts Payable Management**

#### **Overview**

The NEWDB strives to maintain efficient business practices and good cost control. A well-managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and check reconciliation.

It is the policy of NEWDB that an employee independent of ordering and receiving performs the recording of assets or expenses and the related liability. The amounts recorded are based on the vendor invoice for the related goods or services. The vendor invoice should be reviewed and approved by the Fiscal Officer prior to being processed for payment. Invoices and related general ledger account distribution codes are reviewed prior to posting to the subsidiary system.

The primary objective for accounts payable and cash disbursements is to ensure that:

1. Disbursements are properly authorized
2. Invoices are processed in a timely manner
3. Vendor credit terms and operating cash are managed for maximum benefits

### **Recording of Accounts Payable**

All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable in a timely manner.

Accounts payable are processed on a weekly basis. Information is entered into the system from approved invoices or disbursement vouchers with appropriate documentation attached.

It is the policy of NEWDB that original (includes electronic versions) invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the vendor records. No vendor statements shall be processed for payment.

### **Preparation of a Voucher**

Prior to any account payable being submitted for payment, a payment voucher form/invoice, plus documentation shall be assembled. Each voucher package shall contain the following documents:

1. Vendor invoice (or employee expense report)
2. Packing slip (where appropriate)
3. Invoice, purchase order, packing slip or other indication of receipt of merchandise and authorization of acceptance)
4. Payment Voucher (if one was prepared prior to receipt of invoice)
5. Any other supporting documentation deemed appropriate

### **Processing of Voucher**

The following procedures shall be applied to each voucher and voucher documentation by the Fiscal Officer:

- Check the mathematical accuracy of the vendor invoice.
- Compare and validate the nature, quantity, and prices of all items ordered per the vendor invoice to the packing slip and purchase order. The purchase order or packing slip must be signed and dated by the receiving employee.

- Document the general ledger distribution, using the NEWDB current chart of accounts.
- Obtain the review and approval of the Executive Director (or their designee) associated with the goods or services purchased.

Approvals by Executive Director indicate acknowledgement of satisfactory receipt of the goods or services invoiced, agreement with all terms appearing on the vendor invoice, agreement with general ledger account coding, and agreement to pay vendor in full. Approvals shall be documented with initials or signatures of the approving individual.

### **Payment Discounts**

To the extent practical, it is the policy of NEWDB to take advantage of all prompt payment discounts offered by vendors. When availability of such discounts is noted, and all required documentation in support of payment is available, payments will be scheduled so as to take full advantage of the discounts.

### **Cash Disbursements (check writing) Policies**

#### **Check Preparation**

It is the policy of NEWDB to print vendor checks and expense reimbursement checks at least on a weekly basis. Occasionally checks may have to be written more frequently to avoid late fees. Persons independent of those who initiate or approve expenditures, as well as those who are authorized check signers, shall prepare checks.

All vendor and expense reimbursement checks shall be produced in accordance with the following guidelines:

1. All cash disbursements will be made from an approved payment voucher, which includes all the appropriate documentation. Documentation must include original or electronic invoice.
2. All approved payment vouchers will be forwarded to the Fiscal Officer. The Fiscal Officer will enter the payment into the payable system.
3. The Fiscal Officer or Executive Director will be responsible for assigning payment priority to all payment vouchers and approving payment vouchers for payment. Before assigning payment priority, accounts must be verified for sufficient cash balances.
4. The checks for payment of vouchers will be signed by the Executive Director, the Chairperson or the Vice -Chairperson.
5. All accounts payable check registers, upon completion of the payment process will be submitted for signature by the Executive Director, or the Chairperson or the Co-Chairperson. It will be the responsibility of the Fiscal Officer to maintain the signed accounts payable batch reports.
6. The Fiscal Officer will be responsible for keeping all blank checks under lock and key.

7. Expenditures must be supported in conformity with the purchasing, accounts payable, and travel and business expense policies described in this manual.
8. Timing of disbursements should generally be made to take advantage of all early-payment discounts offered by vendors and to reduce the chance of late fees.
9. Total cash requirements associated with each check run is monitored in conjunction with available cash balance in bank prior to the release of any checks.
10. Checks shall be utilized in numerical order (unused checks are stored in a locked area in the Fiscal Officer's office)
11. Checks shall never be made payable to "bearer" or "cash".
12. Checks shall never be signed prior to being prepared.
13. Upon the preparation of a check, vendor invoices and other supporting documentation shall be stamped paid immediately in order to prevent subsequent reuse.

### **Mailing of Checks**

After printing, checks are mailed or distribute electronically immediately. Individuals who authorize expenditures shall not mail checks.

### **Voided Checks and Stop Payments**

Checks may be voided due to processing errors by making proper notations in the check register and defacing the check by clearly marking it as "VOID". All voided checks shall be retained to aid in preparation of bank reconciliations.

Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed by telephone instruction and written authorization to the bank by accounting personnel with this authority. A journal entry is made to record the stop payment and any related bank fees.

### **Payroll and Related Policies**

Payroll actions will be affected in accordance with Personnel Policies and other Agency policies. All payroll policies and procedures will be administered, recorded, and documented in accordance with general acceptable accounting principles and Federal wage and hour guidelines.

### **Payroll Administration**

NEWDB operates on a bi-monthly payroll. For all NEWDB employees, a personnel file is established and maintained with current documentation, as described throughout this section and more fully described

in NEWDB's Personnel Policy.

The following forms, documents, and information shall be obtained and included in the personnel files of all new employees and be maintained by the Fiscal Officer:

1. NEWDB employment application or resume
2. Form W-4 Employee Federal Withholding Certificate
3. Form I-9 Employment Eligibility Verification
4. Confidentiality Statement
5. Payroll Status Change
6. Background Authorization
7. Applicant references
8. Form OK State Withholding Certificate
9. Starting date and PT/FT

For employees without a current, valid driver's license, acceptable alternative documents shall include:

1. U.S. Passport
2. Certificate of U.S. Citizenship (INS Form N-560 or N-561)
3. Voter's registration card
4. U.S. Military card
5. ID card issued by a Federal, state or local government, provided it contains a photo
6. School record or report card (for persons under age 18 only)

Each employee file or job description shall also indicate whether the employee is exempt or non-exempt from the provisions of the Fair Labor Standards Act.

### **New Employees**

1. The Fiscal Officer or the Executive Assistant will be responsible for seeing that all new employees complete the following items:
  - Form I-9

- Form W-4
  - Employee benefits application forms
2. An employee hiring is not effective until all the forms listed above are completed.
  3. The Executive Assistant or Executive Director will complete a Staff Status Change Form for the new employee and submit it to the Fiscal Officer.

### **Changes in Payroll Data**

The Executive Assistant should be notified of all changes that affect payroll by completing a Staff Status Change Form:

(<https://www.dropbox.com/s/7x8dw4jcupbcsmol/STAFF%20STATUS%20CHANGE%20FORM%202016%20-%20FILLABLE%20%28003%29.pdf?dl=0>). Changes would include a change in salary, hourly rate, withholding tax deductions, or a change in position.

1. A Staff Status Change Form will be completed by the Executive Director or Executive Assistant on all personnel changes and will be forwarded to the Fiscal Officer.
2. After receiving notice of a termination, the Executive Director will complete a Staff Status Change Form This form will be forwarded and finalized by the Fiscal Officer.

### **Lost or Misplaced Checks**

Lost or Misplaced checks should be reported to the Fiscal department as soon as possible. Upon verification that a lost/misplaced check has not cleared the bank, the employee or entity will be asked to provide notice of the lost/misplaced check in writing.

### **Garnishments**

Employees are expected to meet their obligations. The Fiscal Officer must abide by the directions of the court in deducting earned income. Such amount is sent to the place designated by the court. A copy of the garnishment order will be forwarded to the employee.

### **Payroll Taxes**

The Fiscal Officer in conjunction with the Payroll Service is responsible for ensuring all required tax forms and other required reports are properly completed and submitted, and that all required taxes are withheld and paid.

The Fiscal Officer will be responsible for entering all journal entries for payroll taxes. The Fiscal Officer will be responsible for preparing all check for payment of benefits and ensuring there is sufficient cash available for the payroll service company to pay NEWDB's payroll.

### **Leave**

A record of leave earned/used is to be maintained by the payroll company. The Executive Assistant and the Fiscal Officer both have access to these records and will periodically assess the leave balances to ensure accuracy. Inquiries concerning possible errors will be directed to the Executive Assistant or the Fiscal Officer.

Annual leave must be applied for and approved by the Executive Director in advance before the employee takes leave. Employees must submit leave requests for illness to the Executive Director, for approval, prior to the end of the pay period. Approved Leave requests must be submitted with timesheets to the Executive Assistant.

### **Processing of Timesheets, Personnel Activity Reports, and Payroll Worksheets**

The Executive Assistant will be responsible for completing a record of hours worked in the electronic time keeping system.

1. An email stating hours worked will be sent by the employee to the Executive Assistant for review prior to submission to the Payroll Company. Time Sheets are due to the Executive Director according to the posted schedule.
2. The incomplete or incorrect forms will be returned to the employee for prompt and immediate corrections.
3. Pay periods will begin on the 1st and 16th of each month. Paychecks are issued the 15th and last day of each month, unless the payday falls on a weekend. If the payday falls on a weekend, employees will be paid the Friday before.
4. Timesheets will be forwarded to the Fiscal Officer by the Executive Assistant once they have been approved by the Executive Director.
5. The Fiscal Officer or designated staff will be responsible for entering the hours worked by each employee by program into the allocation module of the accounting software.

### **Review of Payroll**

1. All approved time sheets will be forwarded to the Fiscal Officer. Overtime must be approved in

advance by the Executive Director.

2. All payroll batch reports upon completion of the payroll process will be submitted for signature by the Executive Director. The Executive Assistant, with assistance from the Fiscal Officer will review and finalize the payroll batch and submit it to the payroll service company. It will be the responsibility of the Fiscal Officer to maintain the signed payroll batch reports electronically.

### **Distribution of Payroll**

- Payroll will be accomplished by direct deposit.

### **Policies Pertaining to Specific Asset and Liability Accounts**

#### **Cash and Cash Management**

##### **General Checking Account (operating account):**

The primary operating account provides for routine business and payroll check disbursements. All Title I cash and direct deposits received at the NEWDB office are made to this account.

All revenues and expenditures related to the Elevate Youth Summit are deposited to the Elevate Youth Summit account which is a separate from the NEWDB primary operating account (See Internal Control Policy -Elevate Account).

#### **Bank Reconciliations**

The Business Operating Bank account statements are received each month paperless from the bank and pulled from the bank by the Executive Assistant. The Executive Assistant shall review the statement's contents for unusual or unexplained items, such as unusual endorsements on checks, indications of alterations to checks, etc. Unusual or unexplained items shall be reported immediately to the Executive Director and the Fiscal Officer.

The Fiscal Officer will be responsible for the reconciliation of the Elevate Bank Account and the procedures described above will be followed.

- After this review is complete, the entire bank statement is forwarded to the Fiscal Officer where reconciliation between the bank balance and general ledger balance is checked.
- The Executive Assistant will reconcile the bank statement within one week of its arrival. It will be the responsibility of the Executive Assistant and the Fiscal Officer to identify any differences between book and bank balances. Unusual or unexpected items (deposits, payments, outstanding checks over 90 days) will also be identified for investigation.

- The results of the reconciliation will be shared with the Fiscal Officer for their review. If the reconciliation requires no further accounting action, the Fiscal Officer will initial the date of their review and then the statement will be filed.
- If there are any discrepancies or anomalies, these will be reported to the Executive Director in a timely fashion. The Executive Director will review any such issues with the Fiscal Officer for clarification and proper resolution. If it is determined that an error was made and a correction is required, then the Fiscal Officer will be responsible for making necessary adjustments.
- It is the policy of NEWDB to complete the bank reconciliation process, including the resolution of any errors or omissions, within 10 days of receipt of the last bank statement for the month.
- All bank reconciliations, including any adjusting journal entries resulting from preparing bank reconciliations, are reviewed by the Fiscal Officer on a monthly basis.
- Bank reconciliations and copies of resulting journal entries are filed in the current year's accounting files. All canceled checks returned with bank statements shall be filed in numerical order by bank account and month.
- The Fiscal Officer will be notified by the Executive Assistant of all outstanding checks over 90 days. Outstanding checks more than one year old will be reviewed and written off if appropriate. The Fiscal Officer will notify the Executive Director of any checks that are to be written off.

### **Cash Flow Management**

The Fiscal Officer monitors cash flow needs on a weekly basis to eliminate idle funds and to ensure that payment obligations can be met. Cash transfers between accounts are performed on an as-needed basis.

### **Inventory**

A fiscal inventory of equipment and fixed assets will be prepared bi-annually. The report will list the equipment and fixed assets and show a total value of the inventory. The material dollar value of equipment to be recorded for inventory purposes is \$5,000 dollars. (see Property p. 53)

### **Fixed Asset Management**

#### **Capitalization Policy**

Physical assets acquired with unit costs in excess of \$5,000 dollars are capitalized as fixed assets on the financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

Capitalized fixed assets are accounted for at their historical cost and all such assets, except land and

certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

### **Establishment and Maintenance of a Fixed Asset Listing**

All capitalized fixed assets shall be recorded in a property log. This log shall include the following information with respect to each asset:

1. Date of acquisition
2. Cost and source of funds
3. Description (including color, model, and serial number)
4. Location of asset
5. Depreciation method
6. Estimated useful life

A physical inventory of all assets capitalized will be done each time a staff change occurred or no later than on an annual basis by NEWDB One-Stop Operator. This physical inventory shall be reconciled to the property log and adjustments made as necessary.

### **Receipt of Newly-Purchased Equipment and Furniture**

At the time of arrival, all newly purchased equipment and furniture shall be inspected for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the vendor immediately.

In addition, descriptions and quantities of assets per the packing slip or bill of lading shall be compared to the assets delivered. Discrepancies should be resolved with the vendor immediately.

### **Accrued Liabilities**

#### **Identification of Liabilities**

The accounting department shall establish a list of commonly incurred expenses that may have to be accrued at the end of an accounting period. Some of the expenses that shall be accrued by NEWDB at the end of an accounting period are:

1. Salaries and wages

2. Payroll taxes
3. Vacation pay (see policy below)

**Accrued Leave**

The maximum amount of vacation leave an employee may accumulate is 360 hours. All vacation time not taken will be paid for upon separation, if the employee leaves in good standing and is not terminated.

Accordingly, it shall be the policy of NEWDB to record a liability for accrued leave to which employees are entitled.

**Notes Payable****Record-Keeping**

It is the policy of NEWDB to maintain a schedule of all notes payable, mortgage obligations, lines of credit, and other financing arrangements. This schedule shall be based on the underlying loan documents and shall include all of the following information:

1. Name and address of lender
2. Date of agreement or renewal/extension
3. Total amount of debt or available credit
4. Amounts and dates borrowed
5. Description of collateral, if any
6. Interest rate
7. Repayment terms
8. Maturity date
9. Address to which payments should be sent
10. Contact person at lender

**Policies Associated with Financial and Tax Reporting****Financial Statements****Standard Financial Statements of the Organization**

Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to NEWDB. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

Sound financial procedures require that the Executive Director, NEWDB and LEOs be furnished with periodic detailed reports containing current information to reflect accurately the financial condition and program performance of the operation funded. The Executive Director and Fiscal Officer shall review the reports to see that operations have been properly reflected and to determine whether there is a proper balance between the costs incurred to date and the amount of work accomplished, as well as whether the balance of funds and other resources available is commensurate with the amount of work yet to be accomplished.

The Fiscal Officer is responsible for the furnishing and distribution of financial statements on a monthly basis.

The basic financial statements of NEWDB that are maintained on an Organization-wide basis shall include:

1. Statement of Financial Position - reflects assets, liabilities, and net assets of the Organization and classifies assets and liabilities as current or non-current/long-term.
2. Statement of Activities - presents revenues, expenses, and other changes in net income/loss.

### **Frequency of Preparation**

The objective of the accounting department is to prepare accurate financial statements in accordance with generally accepted accounting principles and distribute them in a timely and cost-effective manner. In meeting this responsibility, the following policies shall apply:

Preparation of financial reports required by funding sources is the responsibility of the Fiscal Officer. Designated staff will provide assistance as required. All financial reports required by the funding source or internal components will be completed in a timely manner by the Fiscal Officer.

A standard set of financial statements described in the preceding section shall be produced on a monthly basis, by the 20<sup>th</sup> of each month. The standard set of financial statements described in the preceding section shall depict the following minimum information:

1. Approved budget by line item and object code
2. Applicable budget adjustments
3. Expenditures - past month and cumulative
4. Funds available per line item after expenditures and obligations

The monthly set of financial statements shall be prepared on the accrual method of accounting, including

all receivables, accounts payable received by the 15<sup>th</sup> of the month, and actual depreciation expense.

### **Review and Distribution**

All financial statements and supporting schedules shall be reviewed and approved by the Fiscal Officer prior to being distributed.

After approval by the Fiscal Officer, a complete set of financial statements shall be distributed to the following individuals:

1. A copy of all financial statements to the Executive Director on a monthly basis.
2. A copy of all financial statements to the NEWDB and LEOs on a quarterly basis.

### **Quarterly Distribution**

The Fiscal Officer will provide quarterly reports to the Executive Director, One-Stop Operator and Service Provider to review the program financial statements and discuss any changes or errors. At this time, budget variances within each line item of the approved budget will be reviewed.

Appropriate action to correct the variances will be identified. A report on how the variances should be addressed will be made to the Executive Director identifying which individual or group should be responsible for any correction.

The NEWDB will review the financial statements on a quarterly basis. The NEWDB will also review any budget amendments. The Fiscal Officer will prepare a quarterly budget variance report for the monthly financial statements for the NEWDB. The narrative will include information on cash flow, program budgets that are not on target, and any information that is material to the monthly financial statements.

### **End of Year Financial Statement Close Process**

The Fiscal Officer will be responsible for implementing a formal year-end financial statement close process to address non-routine transactions of NEWDB, such as: (a) accruals for costs incurred in one period but not paid until subsequent periods, (b) prepaid assets, (c) accounts receivable, (d) and recording of depreciation of equipment.

### **Annual Financial Statements**

The NEWDB and LEOs will be provide copies of the Independent Audit report annually.

## Government Returns

### Overview

To legitimately conduct business, NEWDB must be aware of its tax and information return filing obligations and comply with all such requirements of Federal, state and local jurisdictions. Filing requirements of NEWDB includes, but are not limited to, and filing annual information returns with IRS.

### Filing of Returns

It is the policy of NEWDB to become familiar with the obligations in each jurisdiction and to comply with all known filing requirements. The Fiscal Officer shall be responsible for identifying all filing requirements and assuring that NEWDB is in compliance with all such requirements.

It is also the policy of NEWDB to file complete and accurate returns with all authorities. The NEWDB shall make all efforts to avoid filing misleading, inaccurate or incomplete returns. Filings made by NEWDB include, but are not limited to, the following returns:

1. Form 990 - Annual information return of tax-exempt organizations, filed with IRS. Form 990 for NEWDB. is due on the fifteenth day of the fifth month following year-end. An automatic 3-month extension of time to file Form 990 may be obtained filing Form 8868. Upon expiration of the first 3-month extension, a second 3-month extension may be requested using Form 8868. It is the practice of NEWDB to pay the audit firm to file the 990.
2. Form 5500 - Annual return for NEWDB employee benefit plans Form 5500 is due July 31, but a request for extension of time to file may be filed.
3. W-2's and 1099's - Annual report of employee and non-employee compensation, based on calendar-year compensation, on the cash basis. These information returns are due to employees and independent contractors by January 31 and to Federal government by February 28. The practice of NEWDB is to have their payroll company file the year end W-2 reports. NEWDB will send out 1099 to all 1099 vendors which are due by February 28<sup>th</sup> each year.
4. Form 941 - Quarterly payroll tax return filed with IRS to report wages paid to employees and Federal payroll taxes. The practice of the Board is to have their payroll company file the required quarterly report.

Federal and all applicable state payroll tax returns are prepared by NEWDB's Payroll Provider.

It is the policy of NEWDB to comply with all state payroll tax requirements by withholding and remitting payroll taxes to the state of residency of each NEWDB employee.

## **Financial Management Policies**

### **Budgeting**

#### **Overview**

Budgeting is an integral part of managing any organization in that it is concerned with the translation of organizational goals and objectives into financial and human resource terms. A budget should be

designed and prepared to direct the most efficient and prudent use of the NEWDB's financial and human resources. A budget is a management commitment of a plan for present and future organizational activities that will ensure survival. It provides an opportunity to examine the composition and viability of the Organization's programs and activities simultaneously in light of the available resources.

#### **Preparation and Adoption**

A budget will be prepared each year. The budget period will be from July 1 to June 30th. The agency budget will be reviewed and approved by the Board of Directors and reviewed and approved by the LEO (Local Elected Officials) each year. The preparation of the agency budget is the responsibility of the Executive Director, and the Fiscal Officer. Modifications to the budget will be approved by the NEWDB and LEOs.

While specific budgets are a program responsibility, with format and guidelines established by the funding source, in-depth coordination with the Accounting Department is required.

Budgeting is a short-term plan that breaks down the first year of a long-range operational plan into complete detail by revenue and expense categories. It assigns responsibility for achieving desired results to various programs or projects within the NEWDB. The length of an operating budget is one year being divided into months. During the year, it is important to plan for major budget revisions as significant operating changes take place. Such action calls for a complete revision of all the affected estimates for the remainder of the program year.

The overall submission of grant applications to include complete documentation compliance and the submission on a timely basis is the responsibility of designated staff in coordination with the Executive Director. The budget for grant applications must be approved by the Fiscal Officer, and Executive Director.

All programs and contracts must submit a budget for approval by the Fiscal Officer and Executive Director prior to the first month of operation of the program or contract. All budgets must be by line item.

Final decisions concerning agency grant applications and budgets and program budgets rests with the Executive Director and the NEWDB.

#### **Monitoring Performance**

It is the policy of NEWDB to monitor its financial performance by comparing and analyzing actual results

with budgeted results. This function shall be accomplished in conjunction with the quarterly financial reporting process described earlier.

### **Budget Modifications**

All budget amendments must be reviewed and approved by the Executive Director prior to submitting the budget amendments to the funding source for approval if applicable. The NEWDB will consider budget amendments when reviewing financial statements.

### **Annual Audits**

#### **Role of the Independent Auditor**

It is the policy of NEWDB to arrange for an annual audit of NEWDB's financial statements to be conducted by an independent accounting firm. The independent accounting firm selected by NEWDB will be required to communicate directly with the Executive Director or designated staff upon the completion of their audit. In addition, the Fiscal Officer is authorized to initiate communication directly with the independent accounting firm.

Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the NEWDB following their completion. The NEWDB shall review and approve the financial statements included in the independent audit.

#### **How Often to Review the Selection of the Auditor**

NEWDB shall review the selection of its independent auditor in the following circumstances:

1. Anytime there is dissatisfaction with the service of the current firm
2. When a fresh perspective and new ideas are desired
3. Every 5 years to ensure competitive pricing and a high quality of service

#### **Preparation for the Annual Audit**

NEWDB shall be actively involved in planning for and assisting with the Organization's independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the Accounting Department shall provide assistance to the independent auditors in the following areas:

- Planning - The Executive Director is responsible for delegating the assignments and responsibilities to staff in preparation for the audit. Assignments shall be based on the list of requested schedules and information provided by the independent accounting firm.

- Involvement - NEWDB staff will do as much work as possible in order to assist the auditors and, therefore, reduce the cost of the audit.

Throughout the audit process, it shall be the policy of NEWDB to make every effort to provide schedules, documents, and information requested by the auditors in a timely manner.

### **Concluding the Audit**

Upon receipt of a draft of the audited financial statements of NEWDB from its independent auditor, the Executive Director and/or Fiscal Officer shall perform a detailed review of the draft, consisting of the following procedures:

1. Carefully read the entire report for typographical errors
2. Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of NEWDB.
3. Review each footnote for accuracy and completeness

Any questions or errors noted as part of this review shall be communicated to the independent auditor in a timely manner and resolved to the satisfaction of the Executive Director and Fiscal Officer.

It shall also be the responsibility of the Executive Director and/or Fiscal Officer to review and respond in writing to all management letter or other internal control and compliance report findings and recommendations made by the independent auditor.

## **Insurance**

### **Overview**

It is fiscally prudent to have an active risk management program that includes a comprehensive insurance package. This will ensure the viability and continued operations of NEWDB.

It is the policy of NEWDB to maintain adequate insurance against general liability, as well as coverage for buildings, contents, computers, equipment, machinery, and other items of value.

### **Coverage Guidelines**

As a guideline, the NEWDB secure all liability and other related insurance policies as required.

### **Insurance Definitions**

#### Workers' Compensation and Employer's Liability

Contractors are required to comply with applicable Federal and State workers' compensation and occupational disease statutes. If occupation diseases are not compensated under those statutes, they shall be covered under the employer's liability insurance policy except when contract operations are so co-mingled that it would not be practical to require this coverage.

#### Fidelity Bond

For all personnel handling cash, preparing or signing checks, NEWDB shall obtain insurance that provides coverage in a blanket fidelity bond. The specific needs of the Organization will determine the dollar limit of this coverage.

#### Comprehensive Liability

This type of coverage may include directors, officers, and employee general liability insurance, buildings, contents, computers, boilers, and machinery.

### **Record Retention Policy**

It is the policy of NEWDB to retain records as required by law and to destroy them when appropriate. The destruction of records must be approved by the Executive Director.

### **Functional Expense Allocations**

#### **Overview**

As one of its financial management objectives, NEWDB strives to determine the actual costs of carrying out each of its program service and supporting activities. In this regard, it is the policy of NEWDB to charge expenses to the appropriate category of program service or supporting activity. Expenses that serve multiple functions or are not readily identifiable with one function shall be allocated between functions whenever possible.

#### **Direct Costs**

Direct costs include those costs that are incurred specifically for one award or non-Federal function. NEWDB identifies and charges these cost exclusively to each award or program.

Each invoice shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure. Invoices are approved by the appropriate Program Manager and reviewed by the Fiscal Officer.

Time sheets described earlier, are also submitted on a regular basis reflecting employees' work and which programs directly benefited from their effort. Time sheets shall serve as the basis for charging salaries directly to Federal awards and non-Federal functions.

Equipment purchased for exclusive use on a Federal award and reimbursed by a Federal agency shall be accounted for as a direct cost of that award (i.e. such equipment shall not be capitalized and depreciated).

**Allocated Costs**

Indirect costs are those costs that either benefit more than one award (overhead costs) or non-Federal function or that are necessary for the overall operation of NEWDB. (management and general costs).

**Direct Charging of Costs**

Certain internal costs shall be directly charged to the appropriate NEWDB function based upon underlying documentation. The following costs shall be directly charged based on the documentation or factor listed next to each:

Table 2: Charging of Costs

Cost	Basis For Charge
Salaries	Timesheets (hours)
Long-Distance Telephone	Allocated
Photocopying	Allocated
Postage	Allocated
Supplies	Allocated

**Cost Allocation Plan**

This section sets forth the principles for determining the allocation of allowable costs as determined by Uniform Administrative Requirements. NEWDB costs are allocated to programs administered by NEWDB that are funded by Federal and State of Oklahoma grants.

The Uniform Administrative Requirements establishes the principles for determining costs of grants, contracts, and other agreements with the Federal Government. NEWDB Cost Allocation Plan is based on Simplified Allocation Method described in Uniform Administrative Requirements. The Simplified Allocation Method separates total costs by an equitable distribution rate. The result of this process is an indirect cost rate which is used to distribute indirect costs to individual awards.

**Costs to Be Allocated**

The items listed below have been identified as costs that may be allocated to various grants.

1. Wages and fringe benefits:
  - a. Executive Director
  - b. Fiscal Officer
  - c. Compliance Monitor/EEO Officer
  - d. Business Services Consultant
  - e. Executive Assistant
  - f. Policy Developer
2. Space costs:
  - a. Utilities
  - b. Rent
  - c. Telephone
  - d. Office Supplies/Postage/Copy Machines
3. Insurance:
  - a. Directors and Officers
  - b. Employee Dishonesty Bond
  - c. General Liability
  - d. Building and Contents
4. Building and Capital Improvements
  - a. New Buildings
  - b. Rehabilitation of Existing Buildings
  - c. Capital Improvements
  - d. Major Equipment Purchases

**Cost Distribution Methodology**

The following information summarizes the procedures that will be used by NEWDB.

1. Compensation for Personal Services – NEWDB utilizes a time distribution system that allows staff to identify time spent on activities attributed to specific grants in quarter hour increments, i.e. .25, .5, .75. Salaries and wages are charged directly to the program in which work has been done. This time distribution system allows the time of staff working on administrative activities that benefit all funding streams, to be charged to an administrative cost pool. On a monthly basis, compensation costs placed in the administrative cost pool is distributed based on the relative time charges that are identified and charged to specific grant funds.
  - a. Fringe benefits (FICA, Unemployment Compensation, and Worker’s Compensation) are allocated in the same manner as salaries and wages. Health insurance, dental insurance, life and disability, and other fringe benefit cost are also allocated in the same manner as salaries and wages.
  - b. Vacation, holiday, and sick pay are allocated in the same manner as salaries and wages.

Note – compensation charges must be supported by an after the fact determination of time and effort verified by a person knowledgeable about the actual time and effort expended on specific grants or overall activity.

2. Travel Costs – All travel costs (local and out-of-town) are charged directly to admin or the program(s) for which the travel was incurred. Travel costs which benefit all programs are placed in the cost pool and allocated in the same manner as salaries and wages.
3. Professional Services Costs (such as consultants, accounting, and auditing services) – All professional service costs are charged directly to admin or the program(s) for which the service was incurred. Costs that benefit all programs are placed in an indirect cost pool or in an admin cost pool and allocated to grants and admin or programs on a monthly basis based on relative total direct cost (TDC) charges to that grant or admin or program for the current month.
4. Office Expense and Supplies (including photocopier, office supplies, and postage) –Expenses used for a specific program(s) will be charged directly to that program or admin. Postage expenses are charged directly to programs to the extent possible. Costs that benefit all programs are placed in a cost pool and allocated in the same manner as professional services.
5. Telephone / Communications – Long distance and local calls are charged to admin or programs if readily identifiable. Other telephone or communications expenses that benefit all programs will be placed in a cost pool and allocated in the same manner as professional services.
6. Facilities Expenses – Facilities costs, including rent, are placed in a cost pool and allocated in the same manner as professional services.
7. Allocations - Where indirect charges need be to allocated between various broad categories within a funding source, the costs will be allocated by the relative amount of total direct costs

(TDC) incurred by each of the broad categories.

8. Unallowable costs – all unallowable costs will be charged to local funds and not allocated via the above cost allocation methodology.
9. Indirect cost limitations – in the event that a grant or programs either does not allow indirect costs to be charged to the grant or program or the budgetary limitation has been reached, the amount of indirect cost that would have been charged to that grant or program will be charged to local funds and not allocated to other grants.

### **Documentation**

Wages and Fringe benefits - Time Sheets will be maintained for each individual whose time is charged to various programs. Percentages of funding amounts, employees, and accounts payable transactions will be reviewed and updated monthly for allocation purposes.

### **Policies Pertaining to Federal Awards**

#### **Administration of Federal Awards**

##### **Preparation and Review of Proposals**

Designated staff are responsible for preparing proposals for projects that the Board intends to pursue. However, all proposals shall be reviewed by the Executive Director prior to submission to government agencies or other funding sources. Final proposals shall be reviewed and approved in writing by the Executive Director and/or Board.

##### **Post-Award Procedures**

After an award has been made, the following steps shall be taken:

1. The grant or contract will be given to the Fiscal Officer where it will be filed. A copy of the grant or contract will then be sent to the Executive Director. Copies of the pages containing the grant specifications and budget amounts will be given to the Compliance Monitor and the Fiscal Officer.
2. Verify the specifications of the grant or contract. The Fiscal Officer shall review the terms, time periods, award amounts, and expected expenditures associated with the award. A budget shall be entered for the new grant or contract.
3. Gather documentation. A file is established for each grant or contract. The file contains the proposal, all correspondence regarding the grant or contract, the copy of the final signed award document, and all reports submitted to the funding sources.

**Billing and Financial Reporting**

NEWDB strives to provide management, staff, and funding sources with timely and accurate financial reports applicable to Federal awards. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

NEWDB shall prepare and submit financial reports as specified by the financial reporting clause of each grant or contract award document.

Preparation of these reports shall be the responsibility of the Fiscal Officer, subject to review and approval by Executive Director.

The following policies shall apply to the preparation and submission of billings to Federal agencies under awards made to NEWDB:

1. It is the policy of NEWDB to request advance draw based on anticipated expenditures, unless an award specifies another method.
2. Each award normally specifies a particular billing cycle; therefore, a schedule is established for each grant and contract to ensure that advances are made on a timely basis along with any other reporting that is required in addition to the financial reports.
3. Payment advances will be reconciled to reflect actual expenditures which in turn will be adjusted in the general ledger. Actual amounts may be taken from the financials after the month close. The Executive Director and Fiscal Officer are responsible for the proper expenditures of grant funds and in accordance with funding source guidelines and Agency fiscal policies.
4. All financial reports required by each Federal award will be prepared and filed on a timely basis. The due dates vary by funding source. Please refer to the contract or manuals of the funding source for the correct due date for submission of financial statements and request for funds. To the extent NEWDB's year-end audit results in adjustments to amounts previously reported to Federal agencies, revised reports shall be prepared and filed in accordance with the terms of each Federal award.

At the time invoices (cash draws) are prepared, revenue and accounts receivable shall be recorded on the books of NEWDB by the accounting department.

**Cash Drawdowns Under Letters of Credit**

Cash drawdowns under letters of credit from Federal agencies shall be made in conjunction with the accounts payable and payroll schedule, based on need. All Federal funds shall be deposited into an interest-bearing cash account under the cash receipts policies and procedures described in this manual.

**Procurement Under Federal Awards**

Procurement of goods and services whose costs are charged to Federal awards received by NEWDB are subject to all of the specific NEWDB Board purchasing policies described earlier, under "Purchasing Policies and Procedures." In addition, procurements associated with Federal awards are subject to the following supplemental policies:

1. NEWDB shall avoid purchasing items that are not necessary for the performance of the activities required by a Federal award.
2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal government.
3. Documentation of the cost and price analysis associated with each procurement decision shall be retained in the procurement files pertaining to each Federal award.
4. NEWDB shall make all procurement files available for inspection upon request by a Federal Awarding Agency

**Solicitation of Bids from Vendors**

It is the policy of the NEWDB to solicit bids from vendors following all elements as required in OWDI 10-2017 and subsequent issuances.

All other policies and procedures associated with procurement under Federal awards shall be governed by the policies applicable to all purchases of NEWDB described in the section of this manual on "Policies Associated with Expenditures and Disbursements."

**Provisions Included in all Contracts**

The NEWDB follow all applicable federal and state rules, laws, and requirements governing the execution of contract and awards. Each contract written by the NEWDB will contain elements as required in OWDI 10-2017 and subsequent issuances.

**Property**

1. Equipment for inventory purposes is defined as all items with a unit cost of \$5,000 or more and a useful life of more than one year.
2. The designated staff will prepare a property record for all equipment and mark all equipment with agency name and asset number.
3. The designated staff will take an inventory of assets, at a minimum of every two years. The inventory of assets will indicate condition and location of the equipment and ensure that all equipment is properly marked.

**Equipment and Furniture Purchased with Federal Funds**

NEWDB may occasionally purchase equipment and furniture that will be used exclusively on a program funded by a Federal agency. In addition to those policies on Asset Management described earlier, equipment and furniture charged to Federal awards will be subject to certain additional policies as described below.

For purposes of Federal award accounting and administration, "equipment" shall include all assets with a unit cost equal to the lesser of \$5,000 or the capitalization threshold utilized by NEWDB, described under Asset Management.

All purchases of "equipment" with Federal funds shall be approved in advance in writing by the Federal awarding agency. In addition, the following policies shall apply regarding equipment purchased and charged to Federal awards:

1. Any equipment that is owned by the Federal government and given to NEWDB for use in a program shall be marked as such.
2. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to Federal awards.
3. For equipment (or residual inventories of supplies) with a remaining per unit fair market value of
  - a. \$5,000 or less at the conclusion of the award, NEWDB shall retain the equipment without any requirement for notifying the Federal agency. If the remaining per unit fair market value is \$5,000 or more, NEWDB shall gain a written understanding with the Federal agency regarding disposition of the equipment. This understanding may involve returning the equipment to the Federal agency, keeping the equipment and compensating the Federal agency, or selling the equipment and remitting the proceeds, less allowable selling costs, to the Federal agency.
4. The Executive Director shall determine whether a specific award with a Federal agency includes additional equipment requirements or thresholds and requirements that differ from those described above.
5. A physical inventory of all equipment purchased with Federal funds shall be performed at least once every two years. The results of the physical inventory shall be reconciled to the accounting records of and Federal reports filed by NEWDB to verify the existence, current utilization and continued need for the equipment.

**Standards for Financial Management Systems**

In accordance with Uniform Administrative Requirements and the Workforce Innovation and Opportunity Act of 2014, it is the policy of NEWDB to maintain a financial management system that provides for the following:

1. Accurate, current, and complete disclosure of the financial results of each Federally sponsored project or program in accordance with the reporting requirements of Uniform Administrative Requirements and/or the award.
2. Records that identify adequately the source and application of funds for federally sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income, and interest.
3. Effective control over and accountability for all funds, property, and other assets. NEWDB shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
4. Comparison of expenditures with budget amounts for each award. Whenever possible, financial information shall be related to performance and unit cost data.
5. Written procedures to minimize the time elapsing between the transfer of funds to NEWDB. from the U.S. Treasury and the issuance or redemption of checks, warrants, or payments by other means for program purposes by the recipient.
6. Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.
7. Accounting records that are supported by source documentation.

### **Budget and Program Revisions**

It is the policy of NEWDB to request prior approval from Federal awarding agencies for any of the following program or budget revisions:

1. Change in the scope or objective of the project or program, even if there is no associated budget revision requiring prior written approval.
2. Change in a key person (project director, etc.) specified in the application or award document.
3. The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.
4. The need for additional Federal funding.
5. The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa, if approval is required by the Federal awarding agency.
6. The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with Uniform Administrative Requirements
7. The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense.

8. Unless described in the application and funded in the approved awards, the sub-award, transfer, or contracting out of any work under an award (however, this provision does not apply to purchases of supplies, materials, equipment or general support services).

### **Close Out of Federal Awards**

NEWDB shall follow the close out procedures described in Uniform Administrative Requirements and in the grant agreements as specified by the granting agency.

NEWDB and all subrecipients shall liquidate all obligations incurred under the grant or contract within 90 days of the end of the grant or contract agreement.

### **Charging of Costs to Federal Awards**

#### **Overview**

It is the policy of NEWDB that only costs that are reasonable, allowable, and allocable to a Federal award shall be charged to that award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to Federal awards.

### **Segregating Unallowable from Allowable Costs**

The following steps shall be taken to identify and segregate costs that are allowable and unallowable with respect to each Federal award:

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.
2. Accounting personnel shall be familiar with the allowability of costs provisions of Uniform Administrative Requirements, particularly:
  - a. The list of specifically unallowable costs such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
  - b. Those costs requiring advance approval from Federal agencies in order to be allowable such as foreign travel, equipment purchases, etc.
3. No costs shall be charged directly to any Federal award until the cost has been determined to be allowable under the terms of the award and/or Uniform Administrative Requirements.
4. For each Federal award, an appropriate set of general ledger accounts shall be established in the chart of accounts of NEWDB to reflect the categories of allowable costs identified in the award or the award budget.

5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged
6. to a Federal award or to activity associated with a Federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e. if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit.)

### **Criteria for Allowability**

It is the policy of NEWDB that all costs must meet the following criteria in order to be treated as allowable direct or indirect costs under a Federal award:

1. The cost must be “reasonable” for the performance of the award, considering the following factors:
  - a. Whether the cost is of a type that is generally considered as being necessary for the operation of the Organization or the performance of the award;
  - b. Restraints imposed by such factors as generally accepted sound business practices, arm’s length bargaining, Federal and state laws and regulations, and the terms and conditions of the award;
  - c. Whether the individuals concerned acted with prudence in the circumstances;
  - d. Consistency with established policies and procedures of the Organization, deviations from which could unjustifiably increase the costs of the award.
2. The cost must be “allocable” to an award by meeting one of the following criteria:
  - a. The cost is incurred specifically for a Federal award
  - b. The cost benefits both the Federal award and other work, and can be distributed in reasonable proportion to the benefits received or
  - c. The cost is necessary to the overall operation of NEWDB, but, where a direct relationship to any particular program or group of programs cannot be demonstrated
3. The cost must conform to any limitations or exclusions of the Uniform Administrative Requirements or the Federal award itself
4. Treatment of costs must be consistent with policies and procedures that apply to both federally financed activities and other activities of the NEWDB
5. Costs must be consistently treated over time.
6. The cost must be determined in accordance with generally accepted accounting principles

(GAAP)

7. Costs may not be included as a cost of any other federally financed program in the current or prior periods
8. The cost must be adequately documented

### **Cost Sharing and Matching**

It is the policy of NEWDB to value contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or Federal agency regulations identify specific values to be used.

### **Addenda/Revisions**

The Executive Director is authorized to issue additional instructions, guidance, forms, etc., to further implement these procedures.

Questions about these procedures may be directed to the NEWDB's Fiscal Officer or Executive Director.

**Approved by:**

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**Heather Smoot**  
Northeast Workforce Development Board Chair

**Date**



GENERAL JOURNAL VOUCHER

Journal Voucher No. \_\_\_\_\_

Date: \_\_\_\_\_

REFERENCE	EXPLANATION	DEBIT	CREDIT
	<b>Total</b>		

Prepared by \_\_\_\_\_  
Signature

Approved by \_\_\_\_\_  
Signature

Title \_\_\_\_\_

Title \_\_\_\_\_



Equal opportunity employment/program. Auxiliary aids and services are available upon request to individuals with disabilities.

**IN-KIND CONTRIBUTION FORMS**

**GRANTEE ORGANIZATION:**

**Organization Name:** \_\_\_\_\_ **Grant Award #** \_\_\_\_\_

**Project Name:** \_\_\_\_\_

**Authorizing Official:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Contact Person:** \_\_\_\_\_ **Email:** \_\_\_\_\_ **Phone#:** \_\_\_\_\_

*To the best of our knowledge, the below volunteer performed the listed service(s) on the specified date(s) and times.*

**VOLUNTEER/DONOR DATA:**

**Volunteer/Donor Name (Print):** \_\_\_\_\_

**Volunteer/Donor Email:** \_\_\_\_\_ **Volunteers Phone #:** \_\_\_\_\_

<b>Dates of Service or Donation</b>	<b>Total Hours Worked</b>	<b>Location(s) of Service</b>	<b>Description of Service Performed or Donated Goods</b>	<b>Fair Market Value of Service</b>

**Total:** \_\_\_\_\_

## Appendix B

Rate based on (Explain how rate was determined):

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### **2 CFR §200.306**

(e)... Rates for third-party volunteer services must be consistent with those paid for similar work by the non-Federal entity. In those instances, in which the required skills are not found in the non-Federal entity, rates must be consistent with those paid for similar work in the labor market in which the non-Federal entity competes for the kind of services involved.

(j) For third-party in-kind contributions, the fair market value of goods and services must be documented and to the extent feasible supported by the same methods used internally by the non-Federal entity.

### **Instructions:**

The third-party services or donations must be necessary and reasonable for the project, and allowable per [2 CFR 200 Uniform Guidance Subpart E – Cost Principles](#).

On the form, show how the value of each contribution was determined by filling in the appropriate boxes.

- For donated goods:
  - Provide a description and number of items,
  - Provide date, and
  - Total the fair market value of the items.
- For facilities,
  - The published rental rate and hours or date(s) the facility was used.
  - For volunteers (one person per form),
  - List the number of hours worked,
  - Date(s) of service
  - Type of service, and
  - Rate of pay.
- All in-kind items reported must:
  - Be provided by a third-party, either an individual or an organization, not the grant recipient.
  - Be for allowable costs and activities that were included in the approved budget.

## Appendix B

- Have supporting documentation of fair market value of goods or services provided.

While third-party in-kind contributions may be used for matching requirements, they are not reimbursable costs.

Additional guidance regarding in-kind contributions is located in [2 CFR 200 Uniform Guidance](#). See especially, §200.306 Cost sharing or matching (b), (d) – (j).



Equal opportunity employment/program. Auxiliary aids and services are available upon request to individuals with disabilities.