

Workforce Innovation and Opportunity Act

Accounting and Financial Policies and Procedures Manual

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Equal opportunity employment/program.

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# Table of Contents

[Table of Contents 2](#_Toc70417856)

[Introduction 10](#_Toc70417857)

[General Policies 10](#_Toc70417858)

[Accounting Department Overview 10](#_Toc70417859)

[Organization 10](#_Toc70417860)

[Fiscal Officers’ Responsibilities 10](#_Toc70417861)

[Responsibilities 11](#_Toc70417862)

[Employees’ Responsibilities 11](#_Toc70417863)

[Business Conduct 11](#_Toc70417864)

[Practice of Ethical Behavior 11](#_Toc70417865)

[Conflicts of Interest 12](#_Toc70417866)

[Compliance with Laws, Regulations, and Organization Policies 12](#_Toc70417867)

[Disciplinary Action 12](#_Toc70417868)

[Fraud Policy 12](#_Toc70417869)

[Scope 13](#_Toc70417870)

[Policy 13](#_Toc70417871)

[Actions Constituting Fraud 13](#_Toc70417872)

[Other Irregularities 13](#_Toc70417873)

[Investigation Responsibilities 13](#_Toc70417874)

[Confidentiality 14](#_Toc70417875)

[Authority for Investigation of Suspected Fraud 14](#_Toc70417876)

[Reporting Procedures 14](#_Toc70417877)

[Security 15](#_Toc70417878)

[Accounting Department 15](#_Toc70417879)

[Access to Electronically Stored Accounting Data 15](#_Toc70417880)

[Storage of Back-up Files 15](#_Toc70417881)

[Technology and Electronic Communications 15](#_Toc70417882)

[Purpose and Scope 15](#_Toc70417883)

[Acceptable Use of Northeast Workforce Development Board Property 16](#_Toc70417884)

[Password Security 16](#_Toc70417885)

[Confidentiality 16](#_Toc70417886)

[Copyrighted Information 16](#_Toc70417887)

[Installation of Software 16](#_Toc70417888)

[Other Prohibited Uses 17](#_Toc70417889)

[Disciplinary Action for Violations 17](#_Toc70417890)

[Reporting of Suspected Violations 17](#_Toc70417891)

[General Ledger, Chart of Accounts and Grant Management 17](#_Toc70417892)

[Chart of Accounts Overview 18](#_Toc70417893)

[Distribution of Chart of Accounts 18](#_Toc70417894)

[Control of Chart of Accounts 18](#_Toc70417895)

[Account Definitions 18](#_Toc70417896)

[Changes to the Chart of Accounts 20](#_Toc70417897)

[Journal Entries 20](#_Toc70417898)

[Policies Associated with Revenues and Cash Receipts 20](#_Toc70417899)

[Revenue Recognition Policies 20](#_Toc70417900)

[Donations Received 20](#_Toc70417901)

[Donations of Space 21](#_Toc70417902)

[Donations of Volunteer Time and Services 21](#_Toc70417903)

[Donations of Cash 21](#_Toc70417904)

[Accounts Receivable - Billing/Invoicing Policies 21](#_Toc70417905)

[Overview 21](#_Toc70417906)

[Accounts Receivable Entry Policies 21](#_Toc70417907)

[Classification of Income and Equity 21](#_Toc70417908)

[Cash Receipts 22](#_Toc70417909)

[Overview 22](#_Toc70417910)

[Processing of Checks and Cash Received in the Mail 22](#_Toc70417911)

[Endorsement of Checks 22](#_Toc70417912)

[Timeliness of Bank Deposits 22](#_Toc70417913)

[Reconciliation of Deposits 22](#_Toc70417914)

[Receipts 23](#_Toc70417915)

[Monitor and Reconciliations 23](#_Toc70417916)

[Collections 23](#_Toc70417917)

[Credits and Other Adjustments to Accounts Receivable 23](#_Toc70417918)

[Accounts Receivable Write-Offs Authorization Procedures 23](#_Toc70417919)

[Reserve for Uncollectible Accounts 23](#_Toc70417920)

[Voided/Stale Checks and Stop Payments 24](#_Toc70417921)

[Policies Associated with Expenditures and Disbursements 24](#_Toc70417922)

[Overview 24](#_Toc70417923)

[Responsibility for Purchasing 24](#_Toc70417924)

[Non-Discrimination Policy 24](#_Toc70417925)

[Purchases and Invoices 25](#_Toc70417926)

[Employee Miscellaneous Reimbursement 25](#_Toc70417927)

[Payment of Contracts 25](#_Toc70417928)

[Procedures for Employee Supplies 25](#_Toc70417929)

[Issuance of Corporate Credit Cards 25](#_Toc70417930)

[Cardholder Responsibilities 26](#_Toc70417931)

[Revocation of Corporate Credit Cards 26](#_Toc70417932)

[Other Purchasing Requirements 26](#_Toc70417933)

[Payment Authorization 26](#_Toc70417934)

[Affirmative Consideration of Minority, Small Business and Women Owned Businesses 27](#_Toc70417935)

[Procurement Standards 27](#_Toc70417936)

[Vendor Files and Required Documentation 27](#_Toc70417937)

[Ethical Conduct in Purchasing 28](#_Toc70417938)

[Conflicts of Interest Prohibited 28](#_Toc70417939)

[Receipt and Acceptance of Goods 28](#_Toc70417940)

[Prohibited Use of Organization Assets and Resources 28](#_Toc70417941)

[Political Intervention 28](#_Toc70417942)

[Prohibited Expenditures 28](#_Toc70417943)

[Endorsement of Candidates 29](#_Toc70417944)

[Accounts Payable Management 29](#_Toc70417945)

[Overview 29](#_Toc70417946)

[Recording of Accounts Payable 29](#_Toc70417947)

[Preparation of an Expenditure Request 30](#_Toc70417948)

[Payment Discounts 30](#_Toc70417949)

[Reconciliation of Accounts Payable to General Ledger 30](#_Toc70417950)

[Cash Disbursements (check writing) Policies 31](#_Toc70417951)

[Check Preparation 31](#_Toc70417952)

[Mailing of Checks 31](#_Toc70417953)

[Payroll and Related Policies 31](#_Toc70417954)

[Payroll Administration 32](#_Toc70417955)

[New Employees 32](#_Toc70417956)

[Changes in Payroll Data 32](#_Toc70417957)

[Lost or Misplaced Checks 33](#_Toc70417958)

[Garnishments 33](#_Toc70417959)

[Payroll Taxes 33](#_Toc70417960)

[Leave 33](#_Toc70417961)

[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. 33](#_Toc70417962)

[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. 33](#_Toc70417963)

[Processing of Timesheets, Personnel Activity Reports, and Payroll Worksheets 33](#_Toc70417964)

[Review of Payroll 34](#_Toc70417965)

[Distribution of Payroll 34](#_Toc70417966)

[Policies Pertaining to Specific Asset and Liability Accounts 34](#_Toc70417967)

[Cash and Cash Management 35](#_Toc70417968)

[Business Operating Bank Account: 35](#_Toc70417969)

[Bank Reconciliations 35](#_Toc70417970)

[Cash Flow Management 36](#_Toc70417971)

[Inventory 36](#_Toc70417972)

[Fixed Asset Management 36](#_Toc70417973)

[Capitalization Policy 36](#_Toc70417974)

[Establishment and Maintenance of a Fixed Asset Listing 36](#_Toc70417975)

[Receipt of Newly-Purchased Equipment and Furniture 36](#_Toc70417976)

[Accrued Liabilities 36](#_Toc70417977)

[Identification of Liabilities 36](#_Toc70417978)

[Accrued Leave 37](#_Toc70417979)

[Notes Payable 37](#_Toc70417980)

[Record-Keeping 37](#_Toc70417981)

[Policies Associated with Financial and Tax Reporting 37](#_Toc70417982)

[Financial Statements 37](#_Toc70417983)

[Standard Financial Statements of the Organization 37](#_Toc70417984)

[Frequency of Preparation 38](#_Toc70417985)

[Review and Distribution 38](#_Toc70417986)

[Quarterly Distribution 38](#_Toc70417987)

[Annual Financial Statements 39](#_Toc70417988)

[Government Returns 39](#_Toc70417989)

[Overview 39](#_Toc70417990)

[Filing of Returns 39](#_Toc70417991)

[Financial Management Policies 40](#_Toc70417992)

[Budgeting 40](#_Toc70417993)

[Overview 40](#_Toc70417994)

[Program Year of Organization 40](#_Toc70417995)

[Preparation and Adoption 40](#_Toc70417996)

[Monitoring Performance 41](#_Toc70417997)

[Budget Modifications 41](#_Toc70417998)

[Annual Audits 41](#_Toc70417999)

[Role of the Independent Auditor 41](#_Toc70418000)

[Frequency to Review the Selection of the Auditor 41](#_Toc70418001)

[Preparation for the Annual Audit 41](#_Toc70418002)

[Concluding the Audit 42](#_Toc70418003)

[Insurance 42](#_Toc70418004)

[Overview 42](#_Toc70418005)

[Coverage Guidelines 42](#_Toc70418006)

[Insurance Definitions 42](#_Toc70418007)

[Record Retention Policy 43](#_Toc70418008)

[Functional Expense Allocations 43](#_Toc70418009)

[Overview 43](#_Toc70418010)

[Direct Costs 43](#_Toc70418011)

[Allocated Costs 43](#_Toc70418012)

[Direct Charging of Costs 43](#_Toc70418013)

[Cost Allocation Plan 44](#_Toc70418014)

[Costs to Be Allocated 45](#_Toc70418015)

[Cost Distribution Methodology 45](#_Toc70418016)

[Documentation 46](#_Toc70418017)

[Policies Pertaining to Federal Awards 46](#_Toc70418018)

[Administration of Federal Awards 46](#_Toc70418019)

[Preparation and Review of Proposals 46](#_Toc70418020)

[Post-Award Procedures 46](#_Toc70418021)

[Billing and Financial Reporting 47](#_Toc70418022)

[Cash Drawdowns Under Letters of Credit 47](#_Toc70418023)

[Procurement Under Federal Awards 48](#_Toc70418024)

[Solicitation of Bids from Vendors 48](#_Toc70418025)

[Provisions Included in all Contracts 48](#_Toc70418026)

[Property 48](#_Toc70418027)

[Equipment and Furniture Purchased with Federal Funds 48](#_Toc70418028)

[Budget and Program Revisions 50](#_Toc70418029)

[Grants Receivable Management 50](#_Toc70418030)

[Close Out of Federal Awards 50](#_Toc70418031)

[Charging of Costs to Federal Awards 51](#_Toc70418032)

[Overview 51](#_Toc70418033)

[Segregating Unallowable from Allowable Costs 51](#_Toc70418034)

[Criteria for Allowability 51](#_Toc70418035)

[Cost Sharing and Matching 52](#_Toc70418036)

[Addenda/Revisions 52](#_Toc70418037)

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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 policy helps ensure NEWBD is effective in carrying out responsibilities as fiscal agent. In addition, NEWDB has established processes and procedures to support an effective system of internal controls. The primary purpose is to formalize accounting policies in compliance with General Accepted Accounting Policies (GAAP) and Governmental Accounting Standards Board (GASB).

The Northeast Workforce Development Boardis incorporated in the state of Oklahoma. NEWDB 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.

# General Policies

## Accounting Department Overview

### Organization

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

* Fiscal Officer
* Executive Assistant
* Controller
* Executive Director
* Other staff as assigned



### Fiscal Officers’ Responsibilities

The Fiscal Officer is responsible for the proper oversight of program expenditures of grant funds in accordance with Generally Accepted Accounting Policies (GAAP), Governmental Accounting Standards Board (GASB), state funding guidelines, and NEWBD fiscal policies 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 NEWDB and the various funding sources. Coordination shall exist between the Executive Director, Fiscal Officer, 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 NEWDB 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, in coordination with the Executive Director, with final approval by the NEWDB 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
* Fiscal monitoring of sub-recipient

### 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 the NEWDB 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

NEWDB follows 2 CFR 200.318 and ensures that no or individual, in a decision-making capacity will engage in any activity, including participation in the selection, award, or administration of a contract if a conflict of interest, or appearance of a conflict of interest, would be involved. Such a conflict would arise when the individual, an immediate family member of the individual, the individual’s partner, or, an organization, which employs, or is about to employ, any of the above, has a financial interest in the firm or organization, selected for award.

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

The NEWDB 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 NEWDB 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 the NEWDB. Any investigative activity required will be conducted without regard to the suspected wrongdoer’s length of service, position/title, or relationship with the NEWDB.

### 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 NEWDB.

### 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 the NEWDB
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 NEWDB
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 NEWDB. Exception: gifts of 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 review the matter and report to the NEWDB.

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, if desired, and the Executive Committee, as will final disposition 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 the NEWDB 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/or 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 Proceduressection 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 the NEWDB 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. 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. Users should not leave their computers unattended without logging off.

The Project Manager will be required to manage 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. The 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. Campaigning for or against any candidate for political office or any ballot proposal or issue
5. Sending, forwarding, redistributing or replying to “chain letters”
6. Unauthorized use of passwords to gain access to another user’s information or communications on NEWDB systems or elsewhere
7. Advertising, solicitation or other commercial, non-programmatic use
8. Knowingly introducing a computer virus into the NEWDB’s communication system or otherwise knowingly causing damage to the NEWDB systems
9. 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.
10. Excessive personal use of the Organization’s technologies that preempts any business activity or interferes with Organizational productivity
11. 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.

###

# Financial/Cash Management System

Cash management consists of Cash Reimbursement, NEWDB will pay vendors on a reimbursement basis with approved invoices. Cash Advance, NEWDB operates on a cash advance system from OOWD.

## General Ledger, Chart of Accounts and Grant Management

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 | **Assets** | Assets are probable future economic benefits obtained or |
|  |  | 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.Current assets 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.Fixed assets 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.Contra-assets are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivableOther assets include long-term assets that are assets acquired without the intention of disposing them in the near future.Some examples are security deposits, property, and long-term Innovations. |
| 2000 – 2999 | **Liabilities** | Liabilities 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.Current liabilities 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.Long-Term Liabilities 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. |
| 3000 - 3999 | **Equity** | Equity is the difference between total assets and total liabilities. See the next section for NEWDB Board’s policies on classifying equity. |
| 4000 – 4999 | **Revenues****(Grant)** | Revenues are inflows from grants received from government agencies. |
| 5000 – 6999 | **Expenses** | Expenses 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 – 79999900 - 9999 | **Revenues (Other)****In-Kind** | Revenues 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.In-kind 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.

### 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 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 documents 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.

# Accounts Receivable - 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.
3. Program Income - If authorized by Federal regulations or the award, 2 CFR 200.307. Generally, program income must be deducted from the total allowable costs to determine the net allowable costs. Unless the Federal awarding agency authorizes otherwise, program income must be used for current costs.

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

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.

Funds received at NEWDB are immediately forwarded to the Executive Director to ensure cash/checks are deposited on a timely basis.

The Fiscal Officer will maintain an electronic file of all deposits and remittance advice notification and will prepare a cash receipt entry in the accounting software. The Fiscal Officer will forward the remittance advice to the Compliance Monitor showing a deposit was received. The compliance Monitor will record the checks on the Cash/check log.

### 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 Executive Director who upload the deposit receipt so the compliance monitor can prepare the daily receipts log. The restrictive endorsement shall state “For Deposit Only”:

### Timeliness of Bank Deposits

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

### 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 NEWDB.

### 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 receipt 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.

### 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.

### Voided/Stale 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.

A stale check is not an invalid check, but it may be deemed an “irregular” bill of exchange and it will not be honored by the bank. If a stale check is brought to the NEWDB during the same program year of check issuance, the claim will be investigated and if it is still a valid obligation, a new check will be written and the adjustment made in accounting. It is anticipated that NEWDB will not ever have to deal with a stale check but in the unlikely event one is presented these are the procedures for handling the matter:

1. If a stale check is unrecoverable within the same fiscal year as it was written, the amount of the check will be credited to the same expense or asset account that was debited when the check was written or the expenditure was incurred. This applies if a close-out of the PY grant has not been completed.
2. In the event a close-out of the PY grant has been submitted, within 60 days the claim of actual expenditure will be sent to Oklahoma Office of Workforce Development for reimbursement and resolution of the claim.

# Policies Associated with Expenditures and Disbursements

### 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/Board Chair 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.

### Requisitions-Purchases and Invoices

The Accounting Department will not pay an obligation without an invoice and a signed purchase order confirming receipt of goods or services, and, approved by the Executive Director or Board Chair or Vice Chair. Invoices may be mailed, emailed or sent electronically directly to the NEWDB office by the vendor or purchaser.

### Employee 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-tXYKGelBHAdi3s9d3a?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/board chair is on file. The signed contract will be maintained in an electronic file. After submission to the Fiscal Officer, payment to the contractor will be made in accordance with the terms of the contract.

Ongoing contracts such as utility payments or contract 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.

# Ensuring Compliance of Subrecipients

It is important to identity partners that will be classified as either contractors or subrecipients (defined in 2 CFR 200.93) The best rule of thumb is, a contract relationship entails the contractor to provide goods and services in the same manner as it would to other purchasers, while a subrecipient is preforming a service in support of the objectives of the grant program. Thus, a subrecipient is subject to the same Federal requirements specified in the Federal award as the primary recipient. Please refer to 2CFR 200.330 for additional guidance.

### Procedures for Employee Supplies

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
1. **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.
2. **Receipt of Goods or Services**: On receipt of the shipment or delivery of service, the receiving employee will sign the purchase order or invoice confirming receipt of merchandise. All disbursements will be made according to the cost allocation procedures. The Executive Assistant will maintain the purchase documents in an electronic file.

### Issuance of Corporate Credit Cards

Cardholders will be required to sign a statement acknowledging that the card shall be used exclusively for legitimate Organization-related business purposes and that the cardholder agrees to take reasonable precautions to protect the card from loss, fraud or theft by storing it in a secure location.

### Cardholder Responsibilities

1. Each cardholder is responsible for securing receipts for every purchase made through the use of the credit card. Each receipt, with the exception of travel related receipts such as hotel bills, parking fees, etc., must be signed by the cardholder along with the reasoning behind the purchase. This process ensures that all expenses that are incurred through the agency credit card are ONLY for allowable charges and that no fraudulent disbursements of funds occur. Credit card charges that cannot be supported with proper documentation by the date in which payment on the account is made, will be deducted from the total amount due and will require repayment from the individual responsible for the charge; and procedures for approval should be modified whereby, at a minimum, the monthly account reconciliation and any identified instances of unsupported transactions are provided to a member of the governing board for review.
2. Cardholders shall report the loss or theft of a corporate credit card immediately by notifying the credit card company as well as Executive Director and/or Fiscal Officer. Any fraudulent or other unauthorized charges shall be immediately investigated.

### Revocation of Corporate Credit Cards

Failure to comply with any of these policies associated with the use of the NEWDB corporate credit cards shall be subject to possible revocation of credit card privileges.

### Other Purchasing Requirements

**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.

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.
3. **Sole Source Procedures:** Must be approved in writing and in advance by the Executive Director. The request to utilize sole source procurement must include a description of the goods or services and justification for the sole source.
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. As part of the monthly monitoring, the Compliance Monitor will evaluate contractor or vendor performance based on the contract terms, conditions, and specifications.

### 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 Principals 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 original approved PO as confirmation of goods or services received.

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.

### Prohibited Use of Organization Assets and Resources

### Political Intervention

 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.

### 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.

# 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 Requisitions and Procurement of Good and Services

For non-recurring expenditures, complete documentation should be submitted for payment to include a purchase order form/invoice and supporting documentation. This should include, at least the following:

1. Purchase Order form (completed and approved prior to ordering services or goods)
2. Vendor invoice or employee expense report
3. Vendor quote comparison form (if applicable)
4. Any other supporting documentation deemed appropriate
5. Obtain the review and approval of the Executive Director (or designee) associated with the goods or services purchased.

Approvals shall be documented with initials or signatures of the approving individual. Obtain the review and approval of the Executive Director (or designee) associated with the goods or services purchased. Approvals shall be documented with initials or signatures of the approving individual.

**Processing of Purchase Orders**

The following procedures shall be applied to each purchase order and expenditure request documentation by the Fiscal Officer:

1. Check the mathematical accuracy of the vendor invoice or supporting documents.
2. Compare the nature, quantity, and prices of all items ordered per the vendor invoice to the purchase order, invoice.
3. Document the general ledger coding or distribution, using the Organization’s current chart of accounts.

Approvals 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.

Procurement and Suspension and Debarment

Debarment and Suspension – A purchase order/agreement with an amount expected to equal or exceed $25,000 see 2 CFR 180.220 shall apply. A contract award must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM). The fiscal office will verify that parties to contracts exceeding $25,000 are not on the suspension or debarred list. The documentation will be kept in the fiscal office.

### 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.

### Reconciliation of Accounts Payable to General Ledger

At the end of each monthly accounting period, the total amount due to vendors per the accounts payable (A/P) unpaid A/P vouchers file shall be reconciled to the total per the A/P general ledger account. All differences are investigated and adjustments made as necessary. The reconciliation and the results of the investigation of differences reviewed and approved by the Fiscal Officer. Also, on a monthly basis, the Fiscal Officer shall perform the following procedures:

1. Check all statements received for unprocessed invoices
2. Check the Purchase Order file for open PO’s that are more than 60 days old and follow up

## Cash Disbursements (check writing) Policies

### Check Preparation

It is the policy of NEWDB to print vendor checks and expense reimbursement checks as required so NEWDB is current on all invoices. 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 invoice or purchase order, which includes all the appropriate documentation. Documentation must include original or electronic invoice.
2. All approved payments will be forwarded to the Fiscal Officer
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. Upon completion of the payment process, all accounts payable check registers 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.
5. The Fiscal Officer will be responsible for keeping all blank checks under lock and key.
6. Expenditures must be supported in conformity with the purchasing, accounts payable, and travel and business expense policies described in this manual.
7. 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.
8. 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.
9. Checks shall be utilized in numerical order (unused checks are stored in a locked area in the Fiscal Officer’s office)
10. Checks shall never be made payable to “bearer” or “cash”.
11. Checks shall never be signed prior to being prepared.
12. Upon the preparation of a check, vendor invoices and other supporting documentation shall be stamped “paid” immediately in order to prevent subsequent reuse.

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### Payroll and Related Policies

Payroll actions will be affected in accordance with Personnel Policies and other organizational policies. All payroll policies and procedures will be administered, recorded, and documented in accordance with GAAP and federal wage and hour guidelines. See Personnel Policies for more details.

### 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 Executive Director and Executive Assistant:

1. NEWDB employment application or resume (if applicable)
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 (if applicable)
7. Applicant references (if applicable)
8. Form OK State Withholding Certificate

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.

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)

### New Employees

1. The Executive Director or the Executive Assistant will be responsible for seeing that all new employees complete all documents numbered above.
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/7x8dw4jcubcsmol/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 or Executive Assistant 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 entries for payroll taxes. The Fiscal Officer will be responsible for preparing all checks 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

Pay periods begin on the 1st and 16th of each month. Pay periods end the 15th and last day of each month with paychecks deposited the last work day of the pay period.

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

1. Employees must record estimated work hours on the timesheet and submit, via email, to the Executive Assistant by close of business four (4) working days before the end of the pay period (15th or end of month). The estimated timesheet does not need to be signed; this is only the estimated hours to complete the pay period. The Executive Assistant will review estimated timesheet prior to submission to the Payroll Company. Time Sheets are due to the Executive Director according to the posted schedule.
2. If the employee takes leave anytime during submission of the estimated timesheet and the actual/signed timesheet, a “Payroll Adjustment Form” must be submitted to the Executive Director or Board Chair (in absence of Executive Director) for approval. Unexpected leave taken between the submission of the estimated and actual time sheet (3 days) would require a Payroll Adjustment Form attachment with the actual timesheet.
3. When the final signed timesheet is submitted, it must reflect the leave taken. The backup documents must include the estimated timesheet, the Payroll Adjustment Form, and the final timesheet. Once reviewed by the Executive Assistant, these documents will be submitted to the Executive Director for review and approval. All documents will be saved in the NEWDB Time and Leave Dropbox folder for the pay period.
4. The incomplete or incorrect forms will be returned to the employee for prompt and immediate corrections.
5. After the Executive Director or Board Chair has approved the final timesheet, the payroll adjustment form will be sent to the payroll company by the Executive Assistant. The payroll company will note the leave adjustment in their leave tracking system. Regular hours would be decreased and the appropriate leave would be increased. The payroll company will process a second payroll check which would net to zero.
6. It is the responsibility of the supervisor to assure the allocation of hours worked conform to the current method of staff allocation in effect and to assure that time and leave charges are properly reported on the time sheet. Leave balances will be reconciled at the end of each quarter by the Executive Assistant or the Fiscal Officer.
7. Checks are direct deposited into each employees’ account(s) the morning of the last working day of the pay period by the payroll company.

**Note:** it is the responsibility of each employee to submit payroll documents (Estimated Timesheet, Payroll Adjust, Leave Request, final Timesheet or other back up documents) on time and as described in this policy. Failure to submit payroll documents as outlined will result in a delay of pay until the payroll issue is resolved.

### 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 Fiscal Officer. 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.

# Time and Effort

Federal regulations require records that accurately reflect the salaries and wages charged to grants for work performed. Time and Effort reporting provides the required after-the-fact documentation to certify and substantiate direct labor charges to all grants and contracts.

The Time and Effort report requires certification to confirm the payroll and benefits percentages allocated to each program represents a reasonable estimate of the work performed. For personnel who have split funding, those costs are allocated from hours worked on each program. NEWBD uses trackers to document the work performed in program. Timesheets are used to document payroll and hours worked under each program.

# Policies Pertaining to Specific Asset and Liability Accounts

## Cash and Cash Management

### Business Operating Bank 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.

Elevate Youth Summit Account:

(See Internal Control Policy for the Elevate Youth Summit Account).

### Bank Reconciliations

The Business Operating Bank account statements are received each month paperless from the bank and pulled from the bank by the Compliance Monitor. The Compliance Monitor 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 Compliance Monitor will be responsible for the reconciliation of the Business Operating Account and the procedures described below will be followed.

* The entire bank statement is reviewed by the Compliance Monitor, where reconciliation between the bank balance and general ledger balance is checked.
* The Compliance Monitor will reconcile the bank statement within two weeks of its arrival. It will be the responsibility of the Compliance Monitor 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**.** If the reconciliation requires no further accounting action, the Compliance Monitor saves the reconciliation in the accounting software and locks the reconciliation.
* 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 14 days of receipt of the 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.

The Fiscal Officer will be notified by the Compliance Monitor of all outstanding checks over 90 days. Checks are considered void if not cashed within 180 days. If a check is not presented for payment within the 180-day period, a stop payment will be issued and the transaction will be adjusted by accounting. In the event a check is not voided after 180 days, it becomes a stale check. (See stale check pg. 24.)

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 annually. For inventory purposes the reports will list the equipment with the material dollar value of$5,000 dollars or more (see Property pg. 48)

## 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

### 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 leave (see Accrued Leave below)
4. Grant expenses incurred but not paid

### Accrued Leave

The maximum amount of vacation leave an employee may accumulate is 360 hours. The balance of vacation leave 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 quarterly basis.

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

1. Actual expenditures versus Budget by funding source.
2. Statement of Financial Position which reflects assets and liabilities of the organization and classifies assets and liabilities as current or non-current/long-term.
3. A Statement of Activities presents revenues, expenses, and other changes in net income/loss.

### Frequency of Preparation

The objective of the Fiscal Office is to prepare accurate financial statements using the accrual method of accounting. Prepared in accordance with Generally Accepted Accounting Principles (GAAP) and Government Accounting Standards Board (GASB). State reporting consists of, monthly expense reports by grant and quarterly reporting (9130) for federal awards. The fiscal office will distribute them as required by the Executive Director.,

The following policies shall apply:

Preparation of financial reports required by funding sources is the responsibility of the Fiscal Office. 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 Office.

A standard set of financial/expense reports described in the preceding section shall be produced on a monthly basis, by the 15thh of each month for state reporting. 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

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.

### 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.

The NEWDB fiscal and tax year-end is June 30. All annual tax and information return of NEWDB (Form 990) are filed on the accrual basis of reporting. Federal and all applicable state payroll tax returns are prepared by the payroll provider. It is the policy of NEWDB to comply with all state payroll tax requirements by withholding and remitting payroll taxes through the payroll company to the state of residency of each NEWDB employee.

### 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 ensuring the payroll provider 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 the federal government by February 28. The practice of NEWDB is to have their payroll provider file the year end W-2 reports. NEWDB will send out 1099’s to all 1099 vendors which are due by January 31st of 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 NEWDB 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 through the payroll company 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.

### Program Year of Organization

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

### Preparation and Adoption

A budget will be prepared each year. The budget period will be from July 1 to June 30th. The organization’s 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 the Fiscal Officer 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

In accordance with 2CFR 200.501 Audit requirements, A non-federal entity that expends $750,000 or more during the entities fiscal year must have a single year or program specific audit conducted for that year.

### 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 NEWDB Chair or Executive Director upon the completion of their audit. In addition, the Fiscal 0fficer 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.

### Frequency 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. As per the terms of the state Contracting and Procurement Policy
4. In accordance with Rules of the Administration of the Oklahoma Office of Workforce Development OMB Uniform Guidance

### 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 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.

### 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).

**Indirect 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). These costs are charged to a Cost Pool and allocated based on an allocation basis.

1. Fiscal administration costs are allocated based on fiscal transactions per program.
2. Board staff administration costs are allocated based on board staff time spent.
3. Board staff program costs are allocated based on board staff program time spent.
4. System costs are allocated based on the Service Provider Career Coach time spent.

### 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 |

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 staff and reviewed by the Fiscal Officer.

Personnel Activity Report/Time Records, described earlier, are also submitted on a regular basis reflecting employees' work and which programs directly benefited from their effort. Personnel Activity Report/Time Records shall serve as the basis for charging salaries/benefits directly to federal awards, Indirect Cost Pool, and non-federal functions.

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:

Cost Basis for Charge

Salaries Timesheets (hours) and/or activity sheets

Postage Actual

Supplies Actual

Travel

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 unless equipment is greater than $5,000, then it will be recorded and depreciated for audit purposes).

### 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**:
2. Executive Director
3. Fiscal Officer
4. Compliance Monitor/EEO Officer
5. Business Services Consultant
6. Executive Assistant
7. One Stop Operator
8. **Space costs:**
9. Utilities
10. Rent
11. Telephone
12. Office Supplies/Postage/Copy Machines/Equipment
13. **Insurance:**
14. Directors and Officers
15. Employee Dishonesty Bond
16. General Liability
17. NEWDB Building Contents

### 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.
2. **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.
3. **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.

1. **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.
2. **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.
3. **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.
4. **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.
5. **Facilities Expenses** – Facilities costs, including rent, are placed in a cost pool and allocated in the same manner as professional services.
6. **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.
7. **Unallowable costs** – all unallowable costs will be charged to local funds and not allocated via the above cost allocation methodology.
8. **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 Controller. NEWDB will receive invoices from the sub-recipient no later than the 6th of each month.

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 an 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. These are due on the 15th of each month. 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.

### 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 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 follows 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, annually. The inventory of assets will indicate condition and location of the equipment and ensure that all equipment is properly marked.
4. A physical inventory of all assets capitalized will be done each time a staff change occurred or not 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.

### 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
4. $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.
5. 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.
6. A physical inventory of all equipment purchased with federal funds shall be performed annually. The results of the physical inventory shall be reconciled to the accounting records. 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 and be supported by source documents.
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.
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).

### Grants Receivable Management

NEWDB records grants receivable and income as follows:

Upon receipt of the grant, the entire grant will be recorded as a receivable. During the year, expenses are charged to the grant, thus reducing cash. When a drawdown is issued and the relating cash is deposited into the bank, the grant/fund cash increases and the receivable is decreased. In order to comply with GAAP requirements, at the end of the fiscal year, the portion of funds received from grantors which has yet to be earned by expenditure of funds on expenses is recorded as deferred revenue.

Therefore, management and the board will be able to monitor the progress of the entire grant at any time during the year.

### 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:
3. The list of specifically unallowable costs such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
4. Those costs requiring advance approval from federal agencies in order to be allowable such as foreign travel, equipment purchases, etc.
5. 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.
6. 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.
7. 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

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:
2. 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;
3. 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;
4. Whether the individuals concerned acted with prudence in the circumstances;
5. Consistency with established policies and procedures of the Organization, deviations from which could unjustifiably increase the costs of the award.
6. The cost must be “allocable” to an award by meeting one of the following criteria:
7. The cost is incurred specifically for a federal award
8. The cost benefits both the federal award and other work, and can be distributed in reasonable proportion to the benefits received or
9. 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
10. The cost must conform to any limitations or exclusions of the Uniform Administrative Requirements or the federal award itself
11. Treatment of costs must be consistent with policies and procedures that apply to both federally financed activities and other activities of the NEWDB
12. Costs must be consistently treated over time.
13. The cost must be determined in accordance with generally accepted accounting principles (GAAP)
14. Costs may not be included as a cost of any other federally financed program in the current or prior periods
15. 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:**

**NEWDB Members Present 11/10/2021**

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**Heather Smoot, Board Chair Date: 11/10/2021**

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GENERAL JOURNAL VOUCHER

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

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

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| REFERENCE | EXPLANATION | DEBIT | CREDIT |
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Prepared by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Approved by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Signature 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 #: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Dates of Service or Donation | Total Hours Worked | Location(s) of Service | Description of Service Performed or Donated Goods | Fair Market Value of Service |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
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Total: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Rate based on (Explain how rate was determined):

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**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.
* 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.

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Responsibilities of Credit Card Holders

I \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, accept responsibility for securing receipt of every purchase made with the NEWDB credit card, ensuring the use is for allowable charges only and no fraudulent disbursement of funds. I will report the loss or theft of the NEWDB credit card immediately by notifying the credit card company, Executive Assistant and Board Chair.

Credit card charges that cannot be supported with proper documentation by the date in which payment on the account is made, will be deducted from the total amount due and will require repayment from the individual responsible for the charge; and procedures for approval should be modified whereby, at a minimum, the monthly account reconciliation and any identified instances of unsupported transactions are provided to a member of the governing board for review.

Any fraudulent or other unauthorized charges shall be immediately investigated and reported to the Executive Director or Board Chair.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_

Employee Name Employee Signature



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