

**Section # 8**  
**FISCAL MANAGEMENT**

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## **GRANTS ADMINISTRATION**

**Policy ID: GA02**

**Subject: Insurance and Bonding**

**Policy:** NFCD carries reasonable amounts of student accident insurance, liability insurance for accidents on the premises, and transportation liability insurance.

1. NFCD carries reasonable amounts of student accident insurance.
2. NFCD carries reasonable amounts of liability insurance for accidents on the premises.
3. NFCD carries reasonable amounts of transportation liability insurance.
4. NFCD carries reasonable amounts of bonding, directors/officers liability, and property insurances.
5. Annually the insurance coverage is reviewed by the CFO and his/her recommendations are given to the CEO. The approval of the governing boards is needed by the CEO before changing the scope of the insurance coverage significantly.

**Regulations:** 1301.11; 1301.11 a

**History:** Adopted: Policy Council 2/12/2002  
Board of Directors 3/01/2002  
Revisions: Policy Council on 09/28/2010  
Board of Directors on 10/04/2010

## **GRANTS ADMINISTRATION**

**Policy ID: GA03**

**Subject: Bonding Officials and Disbursement**

**Policy:** NFCD a nonprofit corporation that makes arrangements for bonding officials and employees authorized to disburse program funds.

1. Arrangements are made for bonding officials and employees authorized to disburse program funds as follows:

- a) Insurance policy is obtained upon commencement of the grant.
- b) When employees or governing board member leaves NFCD this CFO will contact the insurance provider immediately, to remove that individual from the insurance coverage and to add the new member or employee.

2. See Fiscal Policy # FS11.

**Regulations:** 1301.11 b

**History:** Adopted: Policy Council 2/12/2002  
Board of Directors 3/01/2002  
Revisions: Policy Council on 09/28/2010  
Board of Directors on 10/04/2010

## **GRANTS ADMINISTRATION**

**Policy ID: GA04**

**Subject: Annual Audit**

**Policy:** NFCD is audited annually.

1. An annual audit of the NFCD's programs covering the prior budget period is made by an independent auditor. The independent auditor determines:
  - a) Whether NFCD financial statements are accurate;
  - b) Whether NFCD is complying with the terms and conditions of the grants; and
  - c) Whether appropriate financial and administrative procedures and controls have been installed and are operating effectively.
2. The responsible HHS official may approve a period other than the prior budget period to be covered by the annual audit, upon written request by NFCD showing necessity.
3. Unless otherwise approved by the responsible HHS official, the report of the audit is submitted to the responsible HHS official, in the manner and form prescribed by him/ her, within 9 months after the prior budget period.
4. NFCD's goal is to keep the expense of the audit as low as possible while receiving quality service. In this regard, at the end of the calendar year, all adjusting entries that can be made by the CFO are done at this time to save the expenses of the auditors booking them.
5. The CFO prepares the schedules requested by the auditors in advance to reduce the cost of the audit.
6. At the end of the audit, the auditors will provide NFCD's with audited financial statements, the Federal financial reports, a management letter, and any final adjusting journal entries.

**Regulations:** 1301.12; 1301.12 a; 1301.12 a 1; 1301.12 a 2; 1301.12 a 3; 1301.12 b; 1301.12 c.

**History:** Adopted: Policy Council 2/12/2002  
Board of Directors 3/01/2002  
Revisions: Policy Council on 09/28/2010  
Board of Directors on 10/04/2010

## **GRANTS ADMINISTRATION**

**Policy ID: GA05**

**Subject: Accounting System Certification**

**Policy:** NFCD submits accounting system certification upon request by the responsible HHS official.

1. Upon request by the responsible HHS official, NFCD will submit an accounting system certification, prepared by an independent auditor, stating that the accounting system or systems established by NFCD, has appropriate internal controls for safeguarding assets, checking the accuracy and reliability of accounting data, and promoting operating efficiency.
2. NFCD shall not delegate any of its Head Start and Early Head Start programs responsibilities to a delegate agency prior to receiving a certification that the delegate agency's accounting system meets the requirements of 1301.13 a.

**Regulations:** 1301.13 a; 1301.13 b.

**History:** Adopted: Policy Council 2/12/2002  
Board of Directors 3/01/2002  
Revisions: Policy Council on 09/28/2010  
Board of Directors on 10/04/2010

## **GRANTS ADMINISTRATION**

**Policy ID: GA06**

**Subject: Matching Requirements**

**Policy:** NFCD complies with matching requirements set forth in the regulations.

1. Federal financial assistance granted under the act for the Head Start and Early Head Start programs shall not exceed 80 percent of the total costs of NFCD unless: An amount in excess of that percentage is approved.
2. The non-Federal share will not be required to exceed 20 percent of the total costs of NFCD. On a monthly basis the CFO assesses the agency's non-federal activities to insure compliance with the regulations.
3. Federal financial assistance awarded to NFCD for training and technical assistance activities shall be included in the Federal share in determining the total approved costs of NFCD. Such financial assistance is, therefore, subject to the 20 percent non- Federal matching requirement.

**Regulations:** 1301.20; 1301.20 a; 1301.20 a 1; 1301.20 a 2; 1301.20 b; 1301.20 c; 1301.21; 1301.21 a; 1301.21 b.

**History:** Adopted: Policy Council 2/12/2002  
Board of Directors 3/01/2002  
Revisions: Policy Council on 09/28/2010  
Board of Directors on 10/04/2010

## **GRANTS ADMINISTRATION**

**Policy ID: GA07**

**Subject: Development and Administrative Costs**

**Policy:** NFCD complies with development and administrative cost requirements.

1. Costs classified as development and administrative costs are those costs related to the overall management of the NFCD's programs. These costs can be in both the personnel and non-personnel categories.
2. The agency will charge the costs of organization-wide management functions as development and administrative costs. These functions include planning, coordination and direction; budgeting, accounting, and auditing; and management of purchasing, property, payroll and personnel.
3. Development and administrative costs include, but are not limited to:
  - a) the salaries of the CEO, personnel officer, CFO/bookkeeper, purchasing officer, payroll/insurance/ property clerk, janitor for administrative office space, and
  - b) costs associated with volunteers carrying out administrative functions.
4. Other development and administrative costs include expenses related to administrative staff functions such as the costs allocated to fringe benefits, travel, per diem, transportation and training.
5. Development and administrative costs include expenses related to bookkeeping and payroll services, audits, and bonding; and, to the extent they support development and administrative functions and activities, the costs of insurance, supplies, copy machines, postage, and utilities, and occupying, operating and maintaining space.
6. On a monthly basis, the CFO assesses the agency's administrative cost activity to insure that the 15% is not exceeded.

**Regulations:** 1301.32 b; 1301.32 b 1; 1301.32 b 2; 1301.32 b 3; 1301.32 b 4; 1301.32 b 5.

**History:** Adopted: Policy Council 2/12/2002  
Board of Directors 3/01/2002  
Revisions: Policy Council on 09/28/2010  
Board of Directors on 10/04/2010

## **GRANTS ADMINISTRATION**

**Policy ID: GA09**

**Subject: Dual Benefit Costs**

**Policy:** NFCD identifies and appropriately allocates the portion of the costs that are for development and administration.

1. In cases where costs benefits both NFCD components as well as development and administrative functions, NFCD identifies and appropriately allocates the portion of the costs that are for development and administration.
2. Dual benefit costs include, but are not limited to, salaries, benefits and other costs (such as travel, per diem, and training costs) of staff that perform both program and administrative functions.
3. Space Costs and costs related to space, such as utilities, are frequently dual benefits cost. NFCD determines and appropriately allocates the amount or percentage of space dedicated to development and administration.

**Regulations:** 1301.32 d; 1301.32 d 1; 1301.32 d 2; 1301.32 d 3

**History:** Adopted: Policy Council 3/19/2002  
Board of Directors 4/10/2002  
Revisions: Policy Council on 09/28/2010  
Board of Directors on 10/04/2010

## **FISCAL POLICIES**

### **Policy ID: FS01**

#### **Subject: Procurement**

**Policy:** Procurement of goods, equipment, services, and real property is done in accordance with applicable requirements and these procedures.

1. It is the intention of NFCD to conduct procurement practices in such a way as to procure goods and services, at the level of quality, that are necessary to accomplish the goals of NFCD.
2. NFCD avoids purchasing unnecessary items.
3. Positive efforts are made by NFCD to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible.
4. It is the intention of NFCD to conduct procurement practices in such a way as to promote increased competition among vendors to secure the most advantageous prices and quality for NFCD.
5. It is the intention of NFCD to conduct procurement practices in such a way as to make available procurement opportunities to all responsive and responsible vendors capable of providing needed goods, equipment, services, and real property, but not to those vendors who have been debarred or suspended from contracting with the Federal government.
6. Procurement practices are conducted such that any appearances of impropriety or conflict of interest are avoided. No employee, officer, or agent of NFCD shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agency, any member of his or her immediate family, his or her partner, or any organization which employs or is about to employ any of the parties named above, has a financial or other interest in the firm selected for an award.
7. Officers, employees, and agents of NFCD shall not solicit or accept gratuities, favors, loans, entertainment, or anything of monetary value from contractors, or parties to sub agreements, except for the following:
  - i. Where gift or other thing of value is from family member and it is clear that family relationship is the motivating factor;
  - ii. Unsolicited advertising or other promotional materials, such as calendars, note pads, and pens and similar values of nominal value;
  - iii. Loans from banks or other financial institutions on customary terms;

iv. Food or refreshment of nominal value on infrequent occasions in the ordinary course of luncheon or dinner meetings if there is not a reasonable opportunity to pay; and

v. Food or refreshment of nominal value if it is offered to all participants or attendees of meeting.

8. The CFO is responsible for ensuring that funds are available in an approved budget category.

9. No personal purchases will be made in the name of NFCD or with program controlled funds.

10. An individual who has not been delegated purchasing authority who makes an unauthorized purchase of goods or services shall be responsible for payment of the charges incurred.

11. The above provisions apply to all expenditures of Agency funds.

12. The type of procuring instruments used (e.g., fixed price contracts, cost reimbursable contracts, purchase orders, and incentive contracts) must be appropriate for the particular procurement and for promoting the best interest of NFCD or project involved.

13. Solicitations for goods and services shall provide for:

a. Clear description of technical requirements for material, product or service to be procured;

b. Requirements which the bidder/offeror must fulfill and other factors to be used in evaluating bids or proposals;

c. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards;

d. The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitation;

e. The acceptance, to the extent practicable and economically feasible, of products, and services dimensioned in the metric system of measurement, and

f. Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.

14. Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. Price analysis may be accomplished in various ways,

including the comparison of price quotations submitted, market prices and similar indicia, together with discounts.

15. Procurement records and files for purchases in excess of \$5,000 shall include the following at a minimum:

- a) basis for contractor selection,
- b) justification for lack of competition when competitive bids are not obtained, and
- c) basis for award cost or price.

16. NFCD shall ensure contractor conformance with the terms, conditions, and specifications of the contract and to ensure adequate and timely follow up of all purchases. NFCD shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions, and specifications of the contract.

17. The following provisions shall be included in contracts and subcontracts using program funds:

a. For contracts over \$100,000, provisions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates the contract terms, and provide for remedial actions.

b. Termination provisions, including manner of termination, basis for settlement, and grounds for termination will be in all contracts.

c. A provision allowing access by NFCD, HHS, the Comptroller General of the United States, or any of their duly authorized representatives, to have access to all records directly pertinent to the contract for the purpose of making audits, examinations, excerpts, and transcriptions.

d. All contracts shall contain the procurement provisions of Appendix A to OMB Circular A-110, as applicable, relating to Equal Employment Opportunity, the Copeland "Anti-Kickback" Act, the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act, Rights to Inventions, Clear Air Act, Byrd Anti-Lobbying Amendments, and Debarment and Suspension."

18. Purchase for \$500 - \$4,999 required through verbal quotes to be obtained from the vendor. It is the responsibility of the Procurement/Accounting Specialist to obtain the appropriate price information before purchases are made. Routinely purchased supplies will be placed on a Bid List and Bid once every six months with the successful Bidder receiving all orders for these items during the period.

19. Purchases from \$5,000 - \$14,999 require that written quotes/proposals may be obtained via the Internet, or existing vendor list.

20. Purchases in excess of \$15,000 require bids and/or RFP to be advertised in appropriate news/media, at least once within two weeks of the bid/RFP due date. When documented attempts have been made to advertise through appropriate media are proven to be unsuccessful (receipt of one

qualified bid), the CEO may with Governing Board approval, select the one respondent. However, the situation must be documented in writing. Region IV must approve any sole source purchase in excess of \$50,000.00 due to unsuccessful bid attempts.

21. Bids in excess of \$15,000 are numbered and kept in a file that shows bid/RFP information sent out responses, received basis for selection, and award documents.

22. Some consulting, and health/nutrition/mental health/dental services, less than \$1,000 may not require bids. The exempt services are at the discretion of the CEO and CFO. However, when competition is restricted due to the scope or type of services, etc., it must be documented in file.

23. When practical, NCFD will utilize the current vendor's list obtained through State Bids for various commodities. The CFO will contact the appropriate buyer for the school system to obtain the current vendor's list which will contain the vendor's name, contact information, item specifications, price, and current bid number. This information will be used to complete the requisition and purchase order process.

24. Purchase orders are processed by the Procurement/Accounting Specialist.

25. Purchase orders are signed by the CFO after all approvals are obtained.

26. The Procurement/Accounting Specialist communicates the order to the vendor, receives confirmation of the order, and sends a copy of the Purchase Order to the Payables Clerk and the requesting department. The general time frame for processing a requisition is ten business days unless a bid or RFP is needed.

27. The department uses the purchase order copy to acknowledge/document delivery and sends it to the Payables Clerk, along with the packing list, etc.

28. The Payables Clerk and compares the receiving report from the department to the invoice and insures that items are documented as delivered prior to releasing payments.

29. The Procurement/Accounting Specialist tracks orders to insure delivery and communicates updates to the requesting department.

30. The purchasing file includes an approved requisition, approved purchase order, all related verbal price quotes information for verbal and written quotes.

31. The file is maintained by the CFO.

**Regulations:** (1301.31) see OMB Circular A-110-C 44; 74.42; 74.44 d; 74.44 a 3; 74.45 1; 74.46; 74.47; 74.48

Adopted:	PC on 02/21/2002	BD on 03/01/2002
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	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS01A**

**Subject: Requisitions**

**Policy:** Requisitions and receipts of goods/services are done in accordance with there procedure.

1. Requisitions. Request for purchase of goods and services in excess of \$500.00 are acquired through the requisition process. Specialists/Center Managers may approve purchase requisitions up to \$5,000. The CEO approves all requisition in excess of \$4,999 or requisitions that contain purchases with a unit price of \$1,000 or more. The governing board must approve purchases in excess of \$15,000. The CFO signs all purchase orders after all appropriate approvals have been obtained.
2. Requisitions are completed with items specifications, quantities, shipping date and locations, funding and department information with approvals, as stated in #1 above, are forwarded by Center Manager/Specialist/Department Head/CEO. Approved requisitions are forwarded to the Fiscal Office for processing.
3. Fiscal Staff communicates with the appropriate department staff to obtain additional information on quantity specifications, shipment dates, etc.
4. Vendor Notices. All credit applications must be processed through the Fiscal Department include the names and signatures of staff authorized to sign purchase orders, the specific type of purchase allowed, the limitations related to purchases, the billing address, and the 30-day payment term. Vendor notices are reviewed and revised, when needed.

**Regulations:** CFR 45 Part 74

Adopted:	PC on 02/21/2002	BD on 03/01/2002
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	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS02**

**Subject: Grants**

**Policy:** Fiscal procedures are in place for grants.

1. NFCD receives funding from a number of granting agencies. A listing of the various funding terms and conditions is kept by the CFO to ensure that the reporting deadlines are met.
2. The CFO prepares the majority of Federal financial reports relating to grants. These are reviewed by the CEO.
3. Due to time constraints, on certain occasions it is not always possible for the CEO to review the reports before they are sent. If this occurs all possible efforts must be taken to allow for the CEO to review the reports prior to the deadline. No reports will be released from NFCD without the CEO's review and approval. If adjustments are necessary following the review, they are accounted for in the next report.

**Regulations:** see Grants Administration

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS03**

**Subject: In Kind Contributions**

**Policy:** NFCD has fiscal procedures in place for in kind contributions.

1. NFCD must match the amount of Federal funding received from DHHS with a contribution from local funding. The amount of this match will be determined by the grant award. In kind contributions are the sources of this match.
2. When anyone donates time, transportation, materials, services, or money to NFCD, the appropriate In Kind form must be completed.
3. In kind contribution reports are forwarded from each center to the Fiscal Department on a monthly basis. They are checked for correct totals and are summarized by the CFO who prepares the journal entry to record the monthly activity in the General Ledger.
4. The CFO reviews the periodic federal reports to ensure that NFCD is matching its required contributions.

**Regulations:** see the Head Start Act 640 b 5 and see OMB Circular A-133CS G 1 and see OMB Circular A-110-A 2 kk.

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS04**

**Subject: Insurance: Day Care Liabilities Insurance**

**Policy:** NFCD has policies and procedures in place for continuous insurance coverage for students and volunteers.

## **STUDENT INSURANCE**

1. NFCD pays an annual insurance premium to the insurance provider for students enrolled at the various NFCD sites.
2. NFCD receives and submits student insurance coverage information in accordance with the insurance provider's policies/agreement.
3. Insurance information, payments, and policies are kept in the fiscal offices.

**Regulations:** see Grants Administration 1301.11 a and 1301.32 c and see *Head Start Policies Volunteers and Resources / Liability Coverage of Volunteers* from the Head Start Bureau.

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

### **Policy ID: FS05**

#### **Subject: Accounts Payable: Best Practices**

**Policy:** Accounts Payables procedures are in place to enhance NFCD's ability to pay bills.

Generally, there are four types of payables: Payroll, Purchase Order Related, Non Purchase Order Related, and Cyclical Bills. Payroll payments are made based on authorized time sheets. Purchase Order Related - payments are made after ordered items/services are documented as delivered and invoices match the original order. Non Purchase Order Related - payments are requested via check request for services on contract, supplies and services delivered with a cost less than \$99, payments for fees, parent activities, registrations, etc. Cyclical Bills - payments made for utilities, telephone, copier expenses, Internet, staff training, insurances etc., on a routine basis.

#### **BILLS FROM VENDORS:**

1. Vendors are informed that they must provide numbered invoices for payments.
2. Bills are paid from the approved original invoices or statements. Audit requirements and Accounts Payable policies and procedures prevent paying from copies of invoices, purchase orders, proposals, slips of paper, etc.
3. All invoices and statements must have properly signed approval.
4. All invoices and statements must have back up documentation with the site location code. Proof is needed that an item has been received or that the work has been completed. A signature with a statement that the items have been received or that the work has been completed are sufficient if a packing slip or receipt is not available. The Payables Clerk processes the bill according to the cash disbursement procedures.

#### **CHECK REQUEST:**

1. Normally checks are made payable to a vendor and must have proper approval, by either the Specialist/Department Head or CEO, as applicable.
2. The check request form is completed with the site location, the payee, the amount of the check, where the check payment is to be sent, source of funding, and approval by the Specialist/Department Head or CEO.

3. Any supporting documentation is attached to the check request form, such as order forms, registration forms, etc. \*NOTE\* Purchases in excess of \$99 are to be processed via the procurement process, where applicable.

#### REIMBURSEMENT REQUEST:

1. Reimbursement requests must have proper approval by the Specialist/ Department Head, or CEO, as applicable.
2. The employee reimbursement form is totally completed with site location, the payee, the amount of the check, and where the check is to be sent.
3. Back up documentation/proof of expenses is attached to the reimbursement request form. Examples include receipts, canceled checks, and credit card statements.
4. The amount requested must match the documentation. If only some items on a receipt are to be reimbursed, they must be marked clearly. All expenses are itemized and verified by attaching an adding machine tape to verify the total.

#### OUT OF COUNTY TRAVEL EXPENSES:

1. Out of county travel expenses must have proper approval at least one week prior to the respective date. The travel advance form is completed, including site location, the payee, and the amount of check and forwarded to the Payables Clerk for processing.
2. All expected expenses are carefully itemized, with documentation attached. One copy of the form will be returned with the check.
3. Per Diem rates will be applied according to the Federal guidelines.
4. Upon returning from the trip, a travel expense report with proof of expenses is completed within three days. The form must be approved by the Supervisor and forwarded to Accounts Payable. \*\*Proof of Expenses: original hotel receipt, airline receipt, ground transportation receipt, receipt from training or conference, parking receipt, and gas receipts, when applicable.
5. The Payables Clerk will reconcile receipts of actual expenses to travel advance and determine whether funds are owed to the employee or agency. If money is owed to staff a check will be cut the next check cycle. If money is owed to the agency, the staff must forward a check to Fiscal within 5 business days of being notified that funds are owed.

**EMERGENCY REQUESTS:**

1. Emergency requests can sometimes be prevented by planning ahead.
2. It takes up to ten days from the day an item is received in the Fiscal Department to the day the check is written. Time should be allowed for approvals and for the check to be processed.

**Regulations:** see Grants Administration 1301.13 a

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS06**

**Subject: Reports and Month-End Procedures**

**Policy:** Fiscal procedures are in place for reports and end-of-month procedures.

1. The Bookkeeper is responsible for posting all journals to the General Ledger each month. The information for the various journals comes from a number of staff persons.
2. Once all journals have been entered, an Audit Trail Report is printed and is reviewed in detail by the CFO. Once the transaction listing is approved by the CFO, the monthly financial statements are printed.
3. These reports are reviewed by the CFO, and distributed to the Management Team and the CEO, who reviews them and discusses them with the CFO.
4. It is the responsibility of the CFO to see that month end reports for the Fiscal Department are filed.

**Regulations:** see 1304.51 h

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS07**

**Subject: General Fiscal Procedures**

**Policy:** General fiscal/financial procedures are in place.

### **Procedures:**

1. NFCD is a non-profit incorporated in 1999, under the laws of the State of Florida. As such, it is subject to State non-profit law as well as state and Federal non-profit tax codes. Retention of the non-profit status is dependent upon adherence to these statutes.

2. NFCD receives Federal financial assistance and state financial assistance and is subject to the Office of Management and Budget's (OMB) Circulars and the granting agencies' requirements.

3. The accounting system, Cougar Mountain Software, is vital to providing necessary and accurate information to management, the governing bodies, external users, and public and private funding sources. In order to meet this objective:

- a) Information is categorized consistently within the year and from year to year;
- b) Information is kept in an orderly manner; and
- c) Information is easily accessible.

4. NFCD employs a salaried CFO who is responsible for operating and maintaining an accounting system, Cougar Mountain Software that meets the organization's needs. The system is a combination of a manual data entry system and computer system on an accrual basis (i.e., revenue is recorded during the period in which it was earned and expenses recorded in the period in which they were incurred). NFCD operates on a fiscal year ending October 31. All financial records pertaining to program accounting are retained according to the records retention listing.

5. It is imperative that the CEO and the governing bodies receive accurate and timely financial reports. This requires that the Fiscal Department be given current and complete information regarding all funds coming into program accounts. In order to affect this, it is vital that employees in the Fiscal Department and other program personnel who interface with the Fiscal Department are kept fully informed of and operate according to proper procedures. The CFO periodically monitors the procedures of others and directs corrections as necessary.

6. Throughout these procedures, specific staff positions are mentioned to document how the system is currently working. As staffing changes, it may be more practical to reassign duties from time to time and consequently change the staff position specifically referenced for certain duties in this document. However, in order to maintain proper segregation of duties and limit the potential for errors or theft, no one person performs any two of the following duties:

- a) sign checks
- b) approve invoices for payment or
- c) record the information in the accounting records.

Nor should any one person perform all of the following duties:

- a) receive cash
- b) make bank deposits, and
- c) record the information in the accounting records.

**Regulations:** see Uniform Administrative Requirements 92.20 a 1-2

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

### **Policy ID: FS08**

#### **Subject: Cash Disbursements**

**Policy:** Procedures are in place for cash disbursements.

1. All cash disbursements, excluding payroll and inter-bank transfers, are to be made by check.
2. The check stock is pre-numbered and used in sequence. Unused checks are stored in a locked closet in the Fiscal Office.
3. The Payables Clerk opens and date stamps each invoice. The invoices are coded and assembled into batches, and input into the accounting system by the Payables Clerk. The edit report and invoices are forwarded to the CFO for review and approval. All invoices for fixed assets (unit cost \$5,000 or more) are entered into the property ledger by the Procurement/Accounting Specialist.
4. It is the responsibility of the requesting Specialist/Department Head to insure costs charged to a grant are allowable. The CFO verifies allowability as follows:
  - \* Reasonable, necessary and allocable.
  - \* Authorized
  - \* Conforms to any limitations.
  - \* Are consistent with the other activities of NFCD
  - \* Are treated consistently.
  - \* Are not included as a cost or match in any other federally funded program (i.e., no more than the actual cost can be allocated to NFCD's programs.)
  - \* Are net of any credits.
  - \* Is properly documented.
5. Payment of invoices will not be processed until the Payables Clerk has verification in writing that the goods/services have been received. This proof of receipt must be attached to the copy of the purchase order receiving report.
6. Invoices are chosen for payment based on their due dates. On a bi-weekly basis, the Payables Clerk selects approved invoices due for payment and forwards them to the CFO who confirms that a check is due to be issued. The Payables Clerk then prints the checks and attaches them to the invoices and submits them to the CFO with a copy of the Edit Report for review.

7. Once reviewed, the checks are forwarded to two authorized signers for signature. All checks require two signatures - the CEO and a board member.

8. Once the checks are signed they are returned to the Payables Clerk. The invoice with a copy of the check is then filed in the paid bills file in the numerical sequence by check number. The Payables Clerk mails the checks to the vendors and dates the check register showing the date mailed.

9. Voided checks are input into the computerized accounting system, as such and are marked "VOID" by the Payables Clerk on the face of the check and the signature portion is torn off. The defaced checks are then filed in numerical sequence in the Fiscal Office.

**Regulations:** see Uniform Administrative Requirements 92.20 b 7

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 12/11/2003	BD on 12/12/2003
	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS09**

**Subject: Cash Disbursements: Check Writing Procedures**

**Policy:** Program checks are written in accordance with these procedures.

1. The Bookkeeper is responsible for writing checks and issuing them.
2. Written checks are recorded in the database by the Bookkeeper.
3. Original checks are routed to two authorized signers for signature. When returned to the Fiscal Department with both signatures intact, original checks are matched to any invoice payment coupons and placed and sealed in program envelopes.
4. Copies of written checks are sent to:
  - \* the check folder in the Fiscal Department, and
  - \* the CFO for review and approval, along with the original invoices/check requests.

**Regulations:** see Uniform Administrative Requirements 92.20 b 7

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS10**

**Subject: Cash Disbursements: Voucher/Batch Procedures**

**Policy:** All payables are processed in a timely manner by NFGD

### **PAYABLES**

1. All payables are entered and stored in batches. Invoices automatically credit Accounts Payable and debits one or more G/L accounts. Batches are processed through Accounts Payable procedures to issue accounts payable checks. Therefore, new batches are needed after each check run. Batches are also used during the monthly processing where they are posted to the General Ledger.

### **BATCHES AND BATCH LOGS**

2. Invoices, payables, and checks are processed in batches.
3. Batch logs are used to maintain a record of all batches to be processed in a particular month. The batch log is an important control allowing determination of the status of any batch. It helps prevent processing errors.
4. Separate logs are maintained for batches and immediate checks. To create a new batch, the next batch number is selected automatically by the accounting system.

### **PREPARING INVOICES & STATEMENTS FOR PAYMENT**

5. The goal is to have a neat and complete package that includes an original invoice or statement, appropriate back up documentation, proper approval, and correct coding.
6. The invoices and statements are usually sent to Fiscal Department from the Vendors; and the back up documents (shipping receipts, purchase orders, requisitions, order forms, etc.) with element codes and approval are received from the sites. Files are maintained to store the documents until they can be matched for payment.
7. Files are checked daily by the Bookkeeper to keep current on payments due and to follow up on problems. It may be necessary to contact the sites directly or the vendors for additional information needed to process payables in a timely manner. No "copy" of an invoice should be paid. Only originals with approval signatures/initials should be processed and paid.
8. Most invoices should be paid within 30 days of the date on the invoice or statement. The document

should be reviewed for payment deadlines. Supervisors should be notified of any problems that delay payment over 45 days.

9. After invoices or statements are matched with the back up, they are ready for coding.

- a) Invoices are coded using the Chart of Accounts, in the Cougar Mountain Software, to determine the number for the expense and program code that the item will be charged to, from the information on the invoices.

10. After coding, the invoices or statements are now ready for payment processing. The statements or invoices will be entered in the computer database, Cougar Mountain.

#### ACCOUNTS PAYABLE BATCH APPROVALS

11. After all of the invoices have been entered, the batch is printed.

12. The Edit Report, printed in transaction order, should be placed on top of the invoices. The invoices should also be in transaction order. This is a completed batch.

13. The completed batch is submitted to the CFO for review and approval no later than 4:00 p.m. the day before the check run. Batches with errors will be returned for any corrections.

14. Changes or corrections to the vouchers can be made at any time until the batch is updated for check processing.

#### MANUAL CHECKS

15. Accounts Payable manual checks are usually avoided as program policy. However, circumstances periodically require that a manual check be issued. Specific examples include:

- \* system problems and/or
- \* correction of coding allocation.

16. The Bookkeeper is responsible for the processing of manual checks. Manual checks are processed separately from a normally scheduled system check run. After the manual check batch is completed and updated, the batch is updated in the General Ledger.

## VOID CHECKS

17. In order to void an Accounts Payable check, several steps must be followed to assure proper reversal of the voucher and the check.

- \* If the check to be voided needs to be reissued, a new voucher must be generated after voiding the old voucher.
- \* Careful analysis of the Accounts Payable reports is made in order to assure that all information was entered correctly and that all vendor, payment, and reports reflect correct activity and balances.

18. Each month the Accounts Payable Analysis should be compared to the General Ledger Account.

**Regulations:** see Uniform Administrative Requirements 92.20 b 7

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS11**

**Subject: Bank Accounts**

**Policy:** Bank accounts are in use by NFGD

1. NFGD maintains a separate bank account only when required by funding agreements.
2. NFGD maintains a checking account at a local bank.
3. The Board of Directors must authorize a bank account to be opened or closed. Signatures from two authorized people are required on each account when a bank account is opened. When Board of Directors members change, new signature cards for all changes must be filed with the bank by the CFO, immediately. When signatories are no longer authorized to sign checks, the bank is notified immediately by the CFO. The CEO is included as one of the signatories for the checking account.

### **4. BANK RECONCILIATION**

- a) Bank statements are balanced to the General Ledger.
  - b) The bank statements are opened and reviewed by the CFO, who is responsible for comparing the canceled checks to the disbursements journals to verify the correct check number, date, payee, and amount and that all checks were used in sequence. Canceled checks are retained at the bank. Copies of the canceled check appear on the bank statement. The void check file is reviewed to ensure no voided check numbers clear the bank.
  - c) Each month, bank accounts are reconciled with the bank statements within one week of receipt of the bank statements. These bank reconciliations are to be performed using the accounting Software and the bank statements.
5. Other. All employees handling cash are covered by an employee dishonesty bond. Any cash on hand in the office is kept in the locked, fire-proof safe. Only approved fiscal staff will have the combination code to this safe.

**Regulation:** see 92.21 h 2

Adopted:	PC on 03/19/2002	BD on 04/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS16**

**Subject: Contract Services/Consultants**

**Policy:** Fiscal procedures are in place for contract services/hiring of consultants.

1. Contracted services in excess of \$5000 are to be provided to NFGD under written contracts with specific information as to what is to be done and the charges. Whenever possible, the experience of staff and parents will be utilized. The invoices must be reflective of charges outlined in the contract.
2. Bills received must reflect the work performed and the rate of pay and must be approved by the Specialist, Department Head, or CEO before rendering to the Payables Clerk for payment. The invoices must be reflective of the charges outlined in the contract.
3. It is imperative that the distinction between contract labor and an employee be maintained. Each consultant and contract laborer is asked to sign a W-9 and I-9 form in order to have their federal identification number (employer ID number or Social Security number) in program records.
4. NFGD shall provide Form 1099 by January 31 of the following year, indicating the amount paid to them by NFGD in the prior year as required by law
5. The CEO signs contracts between \$500 - \$15,000. Contracts in excess of \$15,000 require approvals by the governing boards. Prior to obtaining contract services, the Specialist, Department Head, or CEO must forward the contract to the CFO for fund certification. The Procurement/Accounting Specialist receives the contract packet and determines if funds are available and levels of agency approvals needed and assigns a contract number then forwards to the CFO for review. If the contract is in order, the CFO forwards to the CEO for review and approval. Contracts up to \$15,000 are approved by the CEO all others are approved by the governing boards. The approved contract is routed back to the Fiscal Office to be routed to the contractor, department and filed.

**Regulations:** see OMB Circular A-122 B 10 a 2

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

### **Policy ID: FS13**

#### **Subject: Fixed Asset Purchases/Property**

**Policy:** Fiscal procedures are in place for fixed asset purchases/property purchases.

1. Fixed asset purchases are specifically identified in an approved program budget. A fixed asset is any one item with a cost value of \$5000 or more.
2. Negotiations and the bidding process for fixed assets are done by the CFO or his/her designee.
3. The CEO approves all requisitions for fixed assets for \$5,000 or more Procurement/Accounting Specialist forwards inventory tags along with the approved purchase order to the ordering department to be affixed to the item when received.
4. NFCD policy is to capitalize all fixed asset additions that are greater than \$5,000. NFCD assets are then depreciated over their estimated useful life using a straight-line method. Assets purchased with grant funds are not depreciated.
5. When fixed asset invoices paid by the Fiscal Department, a copy of the invoice and source document are given to Procurement/Accounting Specialist who updates the property ledger.

Fixed assets records with a unit cost of \$5,000 or more will be filed in a red folder and kept with each current years record until ultimate disposal. The red folder is a flag to alert the file clerk not to purge the document.

6. If an expenditure will increase the life of a fixed asset (and is greater than \$1,500) then it is to be capitalized. If an expenditure is to maintain a fixed asset or to keep it in working condition, then it is a repair and maintenance expense.
7. Property/Equipment records should include the following information for items purchased with Federal Funds:
  - \* Description of equipment
  - \* Serial number, model number, brand name, etc.
  - \* Source
  - \* Title vesting
  - \* Acquisition date
  - \* Federal percentage
  - \* Location and condition of item
  - \* Unit acquisition cost

\* Ultimate disposition data (discarded, sold, etc.)

8. Periodically (at least annually) a physical inventory is taken and reconciled with the equipment records. Any item not found is investigated and a change transaction is completed to update the property records and documentation is filed from the investigation. The CFO is responsible for insuring the physical inventory is conducted and results are documented.

9. If property or equipment is disposed of with a fair market value greater than \$5,000 then the CFO determines if the property or equipment was purchased with Federal funds. If so, then the approval of the governing board and granting agency must be obtained by the CEO before the disposal of the asset.

10. Acquisitions of vehicles, buildings, land and computers are reported to appropriate insurance carriers by the CFO.

#### 11. LOCATION CHANGES

- a. A Change order form is filled out by the respective Specialist/Department Head to transfer the asset to another location and forwarded to the CFO. The CFO initials in the top right hand corner of the form and makes the necessary arrangements for the transfer of property.
- b. The signed Fixed Asset change order will be forwarded to the mover/transporter who will obtain the signatures from both the pick-up and receiving locations manager/Supervisor.
- c. The transporter will take the equipment to the new area and the receiving site manager will initial in the area of receiving department.
- d. The form will then be turned in to the Fiscal Office by the transporter.
- e. The property file will be updated and the check number will be obtained from the database in order to file the change form with the appropriate voucher packet.

#### 12. STOLEN/VANDALIZED EQUIPMENT

- a) The Specialist/designee reports the incident to the Central Office and Police Department.
- b) A Fixed Asset change order form is filled out by the Specialist or his/her designee to update property on inventory.
- c) The Police Report and Fixed Asset change order are turned in to the Fiscal, by the Specialist/Department Head.

- d) The CEO signs the form; a copy is retained and put into the fixed asset change order file in the Fiscal Department.
- e) The property file is updated to show the disposal date.
- f) When applicable, information is turned in and reported to the insurance carrier and the item is deleted from the insurance policy.
- g) Correspondence from the insurance carrier is retained in the Fixed Asset change order file.
- h) All contents of the Fixed Assets file are retained according to the Federal Records Retention requirement.

### 13. DISPOSAL

All disposals of equipment that have fair market value of \$5,000 or more must be authorized in writing by Region IV.

Upon receipt of the approval letter from Region IV, the change order and the disposal steps are followed:

- a. The Fixed Asset change order form is filled out by the respective Specialist/Department Head.
- b. The Fixed Asset change order form is signed by the CEO and forwarded to Fiscal.
- c. The Fixed Asset change order form is used by Fiscal to update the disposal date on the property records.
- d. The insurance carrier is notified of disposal of computer, vehicle, and buildings, as applicable.
- e. The change order is filed with the original vendor packet and the files are retained according to federal record retention requirements.

**Regulations:** See OMB Circular A-122-B 11 g

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 12/11/2003	BD on 12/12/2003
	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS14**

**Subject: Insurance Coverage**

**Policy:** Fiscal procedures are in place for insurance coverage.

1. Annually the insurance coverage is reviewed by the CFO and his/her recommendations are given to the CEO.
2. The approval of the governing boards is needed by the CEO before changing the scope of the insurance coverage significantly.

**Regulations:** see OMB Circular A-122-B 22 a.

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS15**

**Subject: Taxes, Tax Preparation, and Tax Returns**

**Policy:** Fiscal procedures are in place for taxes, tax preparation, and tax returns.

1. Annual Non-Profit Organization Informational Returns: the federal tax returns (Forms 990) must be submitted by May 15th of each year. These forms are prepared by the agency's CPA and reviewed by the CFO.

2. Payroll Taxes. The information to compute the payroll taxes is compiled by the Procurement/Accounting Specialist and is reviewed by the CFO. Payroll tax returns are due:

January 31 for the quarter ending December 31  
April 30 for the quarter ending March 31;  
July 31 for the quarter ending June 30; and  
October 31 for the quarter ending September 30.

**Regulations:** see OMB Circular A-122-B 51.

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

### **Policy ID: FS16**

#### **Subject: Payroll: Bi-Weekly Payroll**

**Policy:** Bi-weekly payroll procedures are in place.

1. Payroll is paid bi-weekly. If this date falls on a weekend or holiday, then payroll is paid on the last working day before the weekend or holiday.
2. All leave requests must be submitted on the 'Leave Request Form'. Each leave request form must be turned in to the Supervisor, to verify the availability of leave. The approved leave request form is attached to the relevant time sheet by the Employee. Leave balances are updated as part of the payroll process. A report of leave balances is submitted to the Supervisor/Manager after processing each payroll.
3. All mileage to be reimbursed must be submitted on the Travel Reimbursement Form and submitted to the employee's supervisor for approval or disapproval and then turned in to the Fiscal Department. The Payables Clerk reviews the form for accuracy and processes for payment, as appropriate.
4. Before an employee can be reimbursed for mileage, Fiscal and Human Resource Departments must have a current copy of the employee's car insurance. The name of the insured must be that of the employee requesting reimbursement. The Payables Clerk keeps an updated log of employees with proof of current insurance, as well as expiration dates.
5. Employees are reimbursed for all local travel at the current federal guideline rate. Travel and other related costs are reimbursed through the accounts payable system.
6. Time sheets are due in Fiscal within 5 business days after the current payday.
7. Each Manager or Supervisor is responsible for ensuring that his/her staff's time sheets are turned in for payment by the specified time frame.
8. The employee's supervisor reviews each time sheet for the following:
  - a) Correct employee name and pay period end;
  - b) Leave balances to ensure that they have appropriate vacation and sick hours;
  - c) If discrepancies are found, they are discussed with the employee by his or her supervisor; and
  - d) Employee and supervisor sign the sheets. The CEO approves overtime, when appropriate.

9. Batch numbers are assigned and time sheets are entered into the computer database, by the Payable Clerk.
10. Time sheets and data entered are reviewed by the Procurement Specialist and CFO, respectively.
11. Any discrepancies identified are adjusted by the Payables Clerk. The Procurement Specialist and /or CFO verify that the corrections are made accurately.
12. The direct deposit file is prepared; the file is transferred to hard disk and transferred to the bank for process, by the fiscal staff.
13. The payroll is posted to the general ledger and the CFO documents the posting information and verifies the posting reports.
14. Payroll information is filed as follows: approved time sheets, edits and check list, and general ledger reports, in payroll date order.
15. Employees will have their net payroll deposited directly into their personal bank accounts (in lieu of receiving a paper check). \*\*\* **Note** All employees must complete a Direct Deposit Form which includes bank information, type of account (Savings/Checking) and bank routing numbers, no manual payroll checks will be written, except in emergency situations which must be approved by the CFO.
16. Employees will receive a direct deposit stub similar to a paycheck stub on the regularly scheduled pay dates. The Payable Clerk is responsible for mailing the stubs to the employees.
17. NCFD does payroll direct deposits via the agency's checking account.
18. The federal Payment Management System is the source of funding to cover agency disbursements. The CFO approves the amount to be drawn down to cover disbursements. The Payables Clerk prepares the disbursements request form and attaches the net payroll and the related data to compile the request. All USDA reimbursements and miscellaneous, checks and cash received are subtracted from the cash requirements report to determine actual federal funds to be requested.
19. The approved request funds form is either faxed to the payment management system or the request is done via the internet. The Payables Clerk documents the PMS confirmation numbers on the request form and verifies with the bank that the funds are received.
20. The cash request form is filed in the fiscal office along with the cash requirement reports, i.e. payroll net pay and tax data reports.

## **Employee Terminated/Resignation**

21. If an employee resigns or terminates, a Status Change Form is completed and signed by the employee, when appropriate, supervisor, Human Resource Manager and CEO and a copy is forwarded to the Fiscal Department. The employee's accrued vacation is included as a lump sum in their final paycheck. Unused sick time hours and the employee's personal days are not paid out upon resignation or termination. All documentation, which has bearing on the employee's pay, i.e. outstanding travel reports, time sheets, etc., should be forwarded to Fiscal. The disbursement is processed according to the payroll processing schedule.

Adopted:	PC on 03/19/2002	BD on 04/10/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS17**

**Subject: Payroll: Direct Deposits**

**Policy:** Procedures for payroll direct deposit are in place.

1. All employees must complete a Direct Deposit Form which includes bank information, type of account (Savings/Checking) and bank routing numbers, no manual payroll checks will be written except in emergency situations. See fiscal policy FS21.
2. The CFO reviews and approves the Payroll Edit report before the direct deposit is generated. The Fiscal Department creates a direct deposit disk, disk printout, and a copy of the check register is forwarded to Vision's for processing.
3. Employees will have their net payroll deposited directly into their personal bank accounts (in lieu of receiving pay via paper check).
4. Employees will receive a direct deposit stub similar to a paycheck stub on the regularly scheduled pay dates. The Bookkeeper is responsible for disbursing the direct deposit stubs to the employees.
5. NFCD will upload the payroll data file via the internet to Vision Bank.
6. The requirements and sources of funds will be determined from the payroll documents. From these documents the Payables Clerk will generate a drawdown form identifying the funding source and required amount. This form will be forwarded to the CFO for approval. Upon approval the Payables Clerk will initiate a transfer of funds from the payment management system. The amount requested will be electronically deposited into NFCD's account from the payment management system on the next day.
7. Funding requirements will be determined from the payroll records.

**Regulations:** see the Davis-Bacon Act

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS18**

**Subject: Payroll: Garnishments**

**Policy:** NFCD has payroll garnishment procedures in place consistent with applicable Federal, State and Local mandates/requirements regarding garnishment of wages.

1. When a wage and earnings assignment order is received, NFCD is legally required to withhold from the employee's earnings the amounts specified in the order, and to remit those sums to the requesting entity. The CFO or designee is responsible for following the instructions and completing and remitting all required forms.
2. The dollar amount to be withheld on a semi-monthly basis is either 1) stated in the withholding order, or 2) is calculated based on a percentage of the employee's earnings. NFCD must continue withholding until the total amount due is withheld, or the order is withdrawn.
3. The employee's garnishment information is entered in the computer database.
4. The CFO or designee notifies the employee, in writing, whose wages are to be garnished, prior to garnishing the wages.

Adopted:	PC on 03/19/2002	BD on 04/10/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS19**

**Subject: Petty Cash**

**Policy:** Although the use of petty cash is not encouraged by NFCD, procedures are in place for its use.

1. The purpose of the petty cash fund is to reimburse miscellaneous purchases such as meetings or office and classroom supplies that total \$30 or less. It should be used only if the persons authorized to sign a check are unavailable. All other purchases are made through NFCD's purchasing system.
2. For every disbursement from the petty cash fund, the petty cash custodian retains a signed receipt. Reimbursement for petty cash expenditures will not be made unless such a request is turned in by the requestor. If the petty cash is used for the purchase of goods, a site supervisor must initial the receipt to indicate the goods were received by NFCD.
3. The receipt is coded by the Bookkeeper and entered on the "Petty Cash Log Book" form.
4. Petty cash on hand should never go below \$25. To ensure there is sufficient cash on hand, the petty cash box/drawer is reconciled on a weekly basis. The total receipts and the remaining cash should add up to equal the original cash deposit.
5. At least monthly, the petty cash fund is reconciled and submitted to Fiscal Department for replenishment.
  - a) The CFO tallies all receipts from the petty cash fund log to determine the replenishment amount. A check is then prepared from the listing. The total dollar amount is recorded as a reduction of cash and the appropriate distribution accounts are charged.
  - b) The Bookkeeper cashes the check and replaces the funds in the petty cash box. The amount should again be equal to the original deposit amount.

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS20**

**Subject: Purchase vs. Lease**

**Policy:** Purchasing is usually preferred over leasing.

1. It is NFCD's policy not to lease an item if purchasing makes better fiscal sense.
2. A copy of the current lease and rental agreements are maintained in the files of the CFO.
3. The Payables Clerk is responsible for ensuring that all payments are made in accordance with the terms of the lease.
4. Any changes in leases are reported to the Payables Clerk by the CFO.

**Regulations:** see NHSA's Quality Initiative # 48

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS21**

**Subject: Receipts**

**Policy:** Procedures are in place for cash receipts, including recording cash receipts, procedures for cash received in the mail, donations, grant funds received, and other info.

### **RECORDING CASH RECEIPTS**

1. In order to ensure proper controls over cash receipts, no one person is allowed to receive cash, make the bank deposit, AND record it in the accounting records.
2. All receipts are logged on a daily basis into the Cougar Mountain financial system by the Procurement/Accounting Specialist.

### **CASH RECEIVED IN THE MAIL**

3. Cash received via mail is logged and entered in the Cougar Mountain database then deposited in the bank.
4. Cash receipts are prepared by the Clerical Assistant, who logs, copies, and files the cash receipts.

### **DONATIONS**

5. Donations received during the week are counted by the Payables Clerk, who puts them in a data-stamped, sealed envelope with a deposit ticket which is used to verify the correct amount of currency.
6. Copies of all donations are made and are given to the Payables Clerk who is responsible for arranging written acknowledgment of the donation and keeping all documentation relating to the donations and acknowledgments.
7. As required by the income tax law, the acknowledgment for any donation of more than \$250 should specify the amount of the donation and the fact that nothing was given in return by NFCD

## GRANT FUNDS RECEIVED

8. The request for funds is made by the CFO following a review of cash requirements. These funds are received by check or electronic transfer and recorded into the general ledger by the Procurement/Accounting Specialist.
9. The CFO maintains a grant log which shows the total grant award and the amounts received to date. This log is used to verify that the proper amount of grant monies has been received.

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 12/11/2003	BD on 12/12/2003
	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS22**

**Subject: Fund Raising**

1. All fund raising must have the approval of the CEO. A Parent Center Committee Secretary (or designated representative) must fill out the form requesting the fund raising activity and submit it to the Center Manager/Specialist of that center, who will then submit the request to the CEO.
2. All funds collected by the parents of a NFCD center must account for and verify the funds. Funds must be turned in to the Fiscal Department, which will verify the amount and issue a receipt.
3. When parent comities wish to withdraw funds for an activity, they must fill out a request to withdraw funds and submit it with the minutes of the parent meeting that shows the decision and vote on the activity.
4. The person responsible for each fund will make sure that proper records are maintained at all times and to show essential information for each fund.

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS23**

**Subject: Parent Fund Account**

1. At the beginning of NFCD year, Parent Center Committees budgets will be developed within each center. In the amount of \$5 per enrolled child.
2. Parents may disburse the fund account on items that will be used for parent activities not children.
3. Request for withdrawals will be submitted in writing and have justification, explanation, and minutes of the center meeting before any expenditures will be purchased.

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS24**

**Subject: Budget Amendments**

**Policy:** Fiscal procedures regarding budget actions are in place to insure input/approvals by governing boards.

Periodic budget reviews are conducted by the Management Team of NFCD. As the need arises to reclassifying funds due to unexpected events, purchases, etc., staff makes recommendations to the CEO to move funds from one class/category to another.

The budget categories are as follow:

- Personnel
- Fringe Benefits
- Travel
- Construction
- Contractual
- Equipment
- Renovation
- Supplies
- Other

Transfers from one category to another are as follows:

- Transfer from/to personnel, fringe, construction, equipment and renovations must be approved by the governing boards.
- Budget amendments from/to equipment, construction, and renovation are approved by Region IV.
- Budget transfers up to \$5,000 between supplies, other, and contractual are approved by the CEO.
- Budget transfers transactions are completed by use of an approved line item transfer form. The CFO is responsible for making the revisions and communicating updated budget to CEO, governing boards, and management staff.

**Regulation:** 1301.32 f 7

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS25**

**Subject: Davis-Bacon Compliance**

**Policy:** To provide guidelines for insuring compliance with the Davis-Bacon Act.

1. All repairs related to procurement activity in excess of \$2,000 for facilities that operate Head Start and Early Head Start programs shall follow the requirements for the Davis-Bacon Act which includes, but not limited to, prevailing wages, recordkeeping, and compliance monitoring.
2. The vendor shall be given written notice, prior to submitting a proposal, of the provisions of the Davis-Bacon Act, and the prevailing wage determination for the services to be provided.
3. The contract documents and purchase orders must include the Davis-Bacon clauses and have attachment 1 of 29 CFR 5.5 attached.
4. Invoices will be paid after all Davis-Bacon prevailing wage and payroll requirements have been met and documented.
5. The CFO has the responsibility of monitoring the documentation pertaining to prevailing wages and payroll documentation. \*NOTE\* The documentation is kept in a file labeled according to the vendor's name/job completed.

**Regulations:** 45 CFR 74. Appendix A, 29 CFR 5.5

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS26**

**Subject: Reporting**

**Policy:** To comply with reporting requirements as established by Federal Regulations.

### 1. FS 269

- The Purpose of this report is to communicate to the grantor agency the total net federal/non federal expenditures for a grant year.
- This is the financial status report that is done ninety days after the end of a fiscal year.
- All net expenditures, federal/non federal, are reported on this form FS269. \*NOTE\* All expenditures that are reimbursed by the USDA grant are excluded from the net expenditure category. All outstanding liabilities for that fiscal year must be liquidated /paid prior to filing this report.
- A report from the Agency's General ledger showing net expenditures, total revenues listed in the USDA line item, are used as supporting documentation for this report.
- A breakdown of the following categories is done and listed at the bottom of the form in the "Comment Section."

a. Total administrative costs	e. Unobligated T/TA budget
b. Total disabilities cost	f. Unobligated budget and PA number
c. Total USDA reimbursement	g. % administrative costs
d. Total T/TA costs	
- The completed and authorized report is submitted (an original and two copies) to Region IV, Atlanta, GA, Office of Fiscal Operations. A copy of the report folder according to Fiscal year. The report is approved by the CEO.

## 2. PMS-425

- The purpose of this report is to communicate to the payment management center the year to date cumulative and current federal expenditures excluding USDA reimbursements for each active grant award.
- This report is completed on a quarterly basis and submitted to the payment management center in Maryland.
- The documents used to calculate the data for this report are: general ledger expenditures, USDA revenue, the encumbrance accounts, federal revenue accounts, and a report of draw downs.
- The total year-to-date expenditures (less USDA reimbursements, match expenditures, and encumbrance activity) are recorded on page three (3) of the PMS-425 report.
- The advance/wires listed on page two (2) of the PMS-425 are verified against the federal revenue accounts from the agency's general ledger and the report of draw downs.
- All pertinent data are extracted for the general ledger and inserted in the report form by the Procurement/Accountant Specialist and the report is authorized by the CFO. The report is transmitted via the Internet.
- A copy of the approved report and all relevant documentation are maintained on file in fiscal.

## 3. BUDGET ANALYSIS EXPENDITURES REPORT (monthly)

This report is distributed to the governing boards, CEO, and Program manager each month. The purpose of this report is to allow the users to review the budgeted amounts by line item category and compare them to actual line item expenses. This report also communicates to the user how much is left in each line item.

## 4. ADMINISTRATIVE ANALYSIS (monthly)

Time, effort, and attention are given by the Fiscal staff to properly allocate expenditures by line item and component/department. Since there is a federal administrative requirement that limits the percentages of administrative cost to 15%, NFCD, allocates all administrative expenditures such as staff salaries, supplies, and services for administration to one department/component. Each month a percentage of actual administrative to total cost is calculated and documented. NFCD analyzes the percentages monthly to insure that the administrative cost limitation is adhered to.

## 5. USDA REPORT (monthly)

- This is a report on the number of meals served to NFCD enrollees, number of days of service, and the number of free, reduced, and ineligible enrollees.
- An approved attendance report is submitted by the center staff to the USDA Manager. The attendance calculated at the month's end is used to report to USDA the number of free, reduced, and ineligible enrollees.
- A meal census report is turned in by each Lead Teacher or designated appointee. This gives the center's total of breakfast, lunch, and snacks served for that month and the number of days that the center operated.
- The claim report is filled out by the Procurement/Accounting Specialist using the reports. Fiscal is responsible for tallying the center reports and obtaining corrections from the USDA Manager on any mathematical discrepancies found. Also, Fiscal is responsible for verifying that the total meals served do not exceed the attendance on any day listed on the reports.
- Once all data are listed on the USDA report, the CFO verifies that the total meals served do not exceed enrollment, the agreement number is listed and all totals reflect the in-house reports. The report is signed/dated by the CFO. A copy of the report along with the in-house documentation is filed according to month in Fiscal.
- The report is mailed off to the state by certified return receipt mail or via Internet. When the signed card comes back, it is filed with the appropriate report.

## 6. CASH ANALYSIS (weekly)

- This analysis includes reports from the cash disbursement journal and the trial balance. It allows the user to compare the general ledger totals to the cash disbursement journal totals. Also, the user can ascertain the cash on hand.
- This analysis is done prior to making a request for cash advances. All check transactions that are intended to be paid are entered through accounts payable and posted to the general ledger. A cash analysis report is done to let staff know how much to request through drawdown to cover the liabilities. Completing this process allows staff to minimize the time lapse between receiving wires and disbursement of funds.
- The report also allows the users to compare the cash disbursement journal totals to the general ledger cash totals. Discrepancies in posting cash transactions are identified through this report.

- This report is submitted along with the approved cash draw down request to the CFO for approval.
- This request is filed by the CFO. It is used to verify that the appropriate funds were received in the bank and proper entries are made in the accounting records. The Payables Clerk sends in the request for draw downs to the payment management system.

**Regulation:** 45 CFR Part 74

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID: FS27**

**Subject: Budget Development**

**Policy:** NFCD complies with the requirements for planning and program governance as set forth in the regulations.

1. A Community Assessment is conducted every three years and updated annually.
2. Conclusions drawn from the Community Assessment will be used to determine program options, develop work plans, and budget for the upcoming year. \*NOTE\* The governing boards and staff work together to complete this process.
3. The CFO communicates with the ACF Fiscal staff verifying the funding level available for the Head Start and Early Head Start program.
4. Based on NFCD option selected, work plans will be developed by staff with input from Board and Policy Council. Program option and work plans are approved by the Policy Council and Board.
5. Each Specialist and/or Department Head compiles information necessary to complete a budget based on the work plan, funding level, monthly expense reports, program reports, and allowable cost checklist, etc.
6. The budget information is filled in on the required budget forms. \*NOTE\* A basis for each line item is referenced in the justification. EX: # of staff, # of students, or # of parents, etc.
7. The completed budget forms and justifications are submitted to the CFO for review to insure the funding level has not been exceeded.
8. Each budget is assessed for reasonableness and fund availability by the CEO and CFO. All modifications to budgets will be given to the appropriate manager for review and comments.
9. After all comments have been received from all locations /departments, the budgets are combined into one total budget by center and line item/category and put into the appropriate format for Board and Policy Council review.
10. The CEO will submit the draft budget to the governing boards for review and approval.
11. The CFO, under the direction of the CEO, makes modifications to the budget pursuant to governing boards directions and resubmitted for review and approval.

12. Upon consent of the governing boards, the budget and all required grant information is submitted to Region IV ACYF in Atlanta, GA for processing.

13. A copy of the budget packet is distributed, by the CFO, to each Specialist/Department Head and CEO.

14. A copy of the packet remains in the file in the fiscal section.

15. Upon Region IV's approval, signified by an approved grant award, the budget is loaded into the accounting system and reports are forwarded to the Specialist/Department Heads and the CEO.

16. Copies of the approved grant award are distributed to the governing boards, CEO, and the Fiscal file.

**Regulation: 45 CFR Part 4**

Adopted:	PC on 02/21/2002	BD on 03/01/2002
Revisions:	PC on 09/28/2010	BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID:** FS28

**Subject:** Collection of Parent Fees

**Policy:** To develop a schedule of fees for private pay services.

1. A schedule of fees for private pay services is developed by the CFO.
2. This schedule of fees is forwarded to Center Managers and Family Case Managers to be used when children are enrolled in any for-pay program. Center managers or their designees are responsible for preparing bills. Center managers are responsible for reviewing and issuing bills to participants.
3. Upon the completion of each billing cycle, a billing report will be forwarded to the central office.
4. Center Managers are responsible for the collection of these fees from Parents. This duty may not be assigned to Family Case Managers.
5. A receipt will be created from a pre-numbered receipt book for all funds received. A copy of the receipt and the funds collected will be forwarded to the central office weekly.
6. Receipts will be verified by the fiscal office, deposited and entered into the general ledger.

**History:** Adopted by PC on 09/28/2010  
Revisions:

BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID:** FS29

**Subject:** Fund Development – Donor Relations

**Policy:** To ensure that NFCD merits the respect and trust of the general public and that donors and prospective donors have full confidence in NFCD.

This policy declares that all donors have the right:

- 1.) To be informed about NFCD's mission;
- 2.) To be informed of the identity of those serving on NFCD's Board of Directors, and to expect the Board to exercise prudent judgment in its stewardship responsibilities;
- 3.) To be informed about how NFCD intends to use the donated funds and/or resources;
- 4.) To be assured their donations will be used for the purposes for which they were given;
- 5.) To be assured that information about their donation is handled with respect and confidentiality to the extent provided by law;
- 6.) To expect that all relationships between donors and individuals representing NFCD will be professional in nature; and
- 7.) To receive appropriate acknowledgement and recognition.

**Regulations 2 CFR 225 Appendix B, 230 Appendix B 45 CFR 74.24**

**History:** Adopted by Policy Council on 09/28/2010 BD on 10/04/2010

## **FISCAL POLICIES**

**Policy ID:** FS30

**Subject:** Fund Development - Donation Acceptance

**Policy:** The CEO and the Board of Directors have the authority to solicit and/or accept donations on behalf of NFCD.

NFCD's responsibility is to pursue donations that will further the NFCD's mission. NFCD shall ensure that the primary consideration in the pursuit of donations is how they can benefit the organization in the most ethical and unencumbered manner. To that end, the following caveats will be considered:

- a) Values – the proposed donation should be consistent with NFCD's mission.
- b) Compatibility of cause – the proposed donation should enhance NFCD's ability to further its mission.
- c) Public Relations – the acceptance of the donation should not present the organization in an unfavorable light or establish a conflict of interest.
- d) Motivation – there should be a clear charitable intent and a commitment to NFCD.
- e) Consistency – the acceptance of the donation should be compatible and in agreement with other fundraising activities or donations of NFCD.

**Regulations 2 CFR 225 Appendix B, 230 Appendix B 45 CFR 74.24**

**History:** Adopted by Policy Council on 09/28/2010  
Board of Directors on 10/04/2010

## **FISCAL POLICIES**

**Policy ID:** FS31

**Subject:** Performance-Based Compensation

**Policy:** NFCD has developed a Performance-based compensation system that is used to provide compensation for employees based on quarterly performance evaluations.

1. Center staff will be evaluated quarterly by their supervisor using an approved monitoring tool.
2. The employees rating will be used to identify the employees performance over the last quarter.
3. Contingent upon the availability of funding employees will be rewarded based on performance by stipend.
4. All stipends will be determined by the employees performance, current salary and available funding.
5. In the event that funding is not available for a given period stipend payments for that period may be waived.
- 6 Stipends will be issued by the fiscal department as additions to the gross on the employee's regularly scheduled payroll.

### **Regulations 45 CFR 1304.52**

**History:** Adopted by Policy Council on 09/28/2010      Board of Directors on 10/04/10