

**MISSOURI OZARKS COMMUNITY
ACTION, INC.**

FISCAL POLICIES

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INTRODUCTION

Accounting control comprises the organizational plan, procedures, and records that are concerned with safeguarding the assets and reliability of financial records. Internal accounting control includes policies, procedures, practices established by management to promote operational efficiency and economy, and the attainment of goals and objectives specified by the law or regulations that created the program. Other key elements of an accounting system are: books of original entry, supporting documents records, and procedures for the flow of information within the accounting system.

An accounting system must generate complete, clear, accurate, reliable and significant data that is consistent from one period to the next and is in terms easily understood by the users of the data. To verify that the system is adequate, documents, journals, ledgers and procedures must provide sufficient documentation. Procedures of an accounting system must define functions involved in the flow of transactions from their source documentation and must define who is responsible for each function performed.

This manual is an official policy statement of MOCA's Board of Directors. Any changes in this policy will be issued to the management and staff in the form of a "Policy Change" adopted by the Board of Directors through established procedures, signed by the President of the Board and the Executive Director. Any changes become a part of this manual.

It is the responsibility of the Executive Director to implement these policies and procedures through the staff. Administrative instructions will be issued by the Executive Director to the staff, signed by the Executive Director, and shall become attachments to this manual.

AVOIDING CONFLICTS OF INTEREST

The services that are administered by MOCA are not intended to benefit either MOCA employees or members of the Board of Directors unless they are determined to be eligible as clients. Employees or board members may not use their positions within MOCA for their own personal gain. Members of MOCA who may have vested interests in specific procurement practices or client eligibility determination will be removed from the process at the discretion of the Executive Director or Board Chairman. This policy, however, does not preclude one time payments within the program year to members of MOCA that are for the direct benefit of eligible clients and where those payments do not conflict with provisions contained in corporate by-laws.

No employee, officer or agent of MOCA shall participate in the selection, award or administration of a contract if a real or apparent conflict of interest would be involved. Where a conflict of interest is determined to have taken place, employees are subject to disciplinary action as outlined in the personnel policies (Section V(B) General Employee Conduct). In addition, employees, officers or agents may not accept gratuities, favors or

gifts from contractors or potential contractors in excess of a nominal value of \$10. All such gifts should be reported to their supervisor.

Funding source requirements will be observed for all conflict of interest practices where they are more stringent than MOCA's procedures.

PROCUREMENT POLICY STATEMENT

Procurement actions shall follow a procedure to assure the avoidance of purchasing unnecessary or duplicative items. Where appropriate, an analysis shall be made of leased versus purchased alternatives to determine which would be most economical and practical.

All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. MOCA shall be alert to organizational conflicts of interest, as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. Awards shall be made to the bidder whose offer is responsive to the solicitation and is most advantageous to the MOCA considering price, quality and other factors.

Solicitations shall clearly set forth:

- *all requirements that the goods and services based upon a clear and accurate description of the technical requirements for the material, product or service to be purchased.
- *factors used in evaluating bids/proposals
- *technical requirements and minimum acceptable characteristics or standards
- *specification of brand name equivalents, if available
- *preference for use metric measurements, all other factors being equal
- *preference for products that conserve energy or protect natural resources

Positive efforts will be made to utilize small business, minority-owned businesses, and women's business enterprises. Whenever possible, MOCA shall take all of the following steps to further this goal.

1. Ensure that small businesses, minority-owned businesses, 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 businesses, minority-owned businesses, and women's business enterprises.
3. Consider in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority-owned businesses, and women's business enterprises.
4. Encourage contracting with consortiums of small business, minority-owned businesses 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 solicitation and utilization of small businesses, minority-owned businesses, and women's business enterprises.

CONTRACT AUTHORITY

Contracting authority and the responsibility for incurring obligations for the agency is ultimately vested with the Chairman of the Board of Directors. Unless otherwise specified in this document, most of this authority is delegated to the Executive Director. In any case, all contracts must be approved by the Executive Director. Program Directors may solicit requests for proposal for areas of their program that require contracted services or may further delegate such requests to their staff. With appropriate consultation and/or approval from the Executive Director, Program Directors may negotiate such contracts to the best interest of their program.

Contractor services are monitored by MOCA personnel at the work site, who are knowledgeable of the situation. Payment will be made when the statement is received and verification of the satisfactory completion of work is observed by the program director, or until MOCA staff has verified receipt of goods.

Purchase Requisition procedures may be found at attachment 1.

COMPANY CREDIT CARD

Company Credit Card purchases are handled in much the same manner as other purchases. Purchase requisitions must be completed, approved and signed by Program Director, Executive Director and Finance Director. The approved purchase requisition is then given to the appropriate staff member to place the credit card order. All information received must be attached to the approved purchase requisition and is then returned to the Accounting Department. When the credit card bill arrives the approved purchase requisitions are pulled and attached to the voucher for payment. This also applies to Hotel Arrangements.

If personal use is charged to the credit card the amount would be withheld from that employee's next check. If we find that the Credit Card was misused the employee is subject to termination as referenced in Personnel Policy Manual.

PROCUREMENT POLICIES FOR BID REQUIREMENTS

Solicitation for bids are required for each procurement over \$2,000, with the exception of regular ongoing program purchases where MOCA does not have choice of vendor (i.e., rent, utilities, dental/medical services, and maintenance). Adequate documentation shall be provided by the person responsible for authorizing the requisition. All bids must be informal or formal. Informal bids are for any item ranging in price from \$2000.00 to \$4,999.99 and may be gathered by telephone calls, documenting date called, vendor and

price, or by obtaining copies of commercial advertisements or similar documentation of price ranges. Formal Bids require written information and pricing from the vendor for any item \$5,000.00 or more. Recommended selection of vendor, if not based on the lowest price, shall be explained on the "Bid Control Sheet" form. Purchases of \$5,000 or more will be specified and reviewed in the same manner as described above. Any purchase of property in excess of \$5,000 or more must be approved by the Board of Directors.

Before approving a purchase, the Program Director must determine and document that the request meets all the following criteria:

1. The expenditure is included in the approved budget
2. The expenditure is allowable under the grant terms and conditions
3. The expenditure is necessary to the program
4. Obtains written funding source approval of the expenditure

If a request does not fulfill all the above criteria, then it shall be denied.

The Executive Director will take bid analysis, recommendation and written funding source approval to the Board of Directors for authorization prior to signing the purchase requisition.

Some form of cost or price analysis shall be made and documented in the procurement files in connection with bid action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar characteristics, together with discounts. Cost analysis is the review and evaluation of each cost to determine reasonableness and allowability.

Procurement records and files for bid shall include the following at a minimum: (1) basis for contractor selection, (2) justification for lack of competition when competitive bids or offers are not obtained, and (3) basis for award cost.

Procurement for contracts shall be maintained to ensure contractor conformance with terms, conditions and specifications of the contract and to ensure adequate and timely follow up of all purchases. Each Program Director shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions and specifications of the contract.

FUNDING SOURCE REQUIREMENTS

Funding source requirements will be observed for all procurement practices where they are more stringent than MOCA's procedures.

PROCUREMENT POLICIES FOR PETTY CASH

A petty cash fund is established under the control of the petty cash custodian and is used for making small cash expenditures, such as van cleaning, emergency bus repair, food for open house, and small amounts of supplies. The petty cash fund obviously offers less control over expenditures, but the Program Director will set a maximum amount allowed so that there will be little room for mistreatment of the petty cash fund. **In no instance shall a petty cash fund exceed \$200 per month. Disbursements of up to \$35.00 (per invoice) can be made from the petty cash fund for miscellaneous petty items any item exceeding that amount must have prior approval from Program Director or Finance Director.** Any expenditure over the maximum petty cash amount will be made through the purchase requisition and purchase order system.

The judgment of the person managing the petty cash and/or senior person at the location, if they are not the same, decides what is purchased with petty cash (If you are uncertain, call your program director.) The petty cash custodian should request **replenishment monthly and this request needs to be in Accounting by the 10th of each month.** The receipts or invoices and petty cash fund record of purchases must accompany the request for replenishment.

Petty cash is subject to audit at the discretion of Finance Director. **Any irregularities in the petty cash fund will be immediately reported in writing to the Program Director, Finance Director and Executive Director.** The report for expenditures and cash on hand is required **by the 10th of the month.**

Failure to follow these procedures is subject to disciplinary action and/or withholding of **questionable** petty cash amounts from **custodian's** paycheck.

PETTY CASH VOUCHER

Each purchase with petty cash requires the completion of a petty cash voucher with an accompanying receipt or invoice. Receipt or invoices are required to be initialed by two staff members **to ensure that all purchased items were received by the MOCA location for MOCA program use.**

All purchases with petty cash require sequential list of purchases on the Petty Cash Fund Record of Purchases when requesting replenishment.

MOCA is exempt from sales tax. It is the responsibility of all staff to ensure that sales tax is not charged or paid.

Purchases shall not be made for employees. **No other money will be co-mingled with the petty cash fund. No employee or other personal checks will be cashed or no loans or advances will be made with petty cash funds.**

TRAVEL

Reimbursable travel expenses are confined to those expenses essential to transaction of official business. Travel expenses not conforming to these standards are disallowed.

IN AREA TRAVEL

In area travel includes travel within the eight (8) counties served by MOCA.

1. All in area travel shall be reported on the in area travel form.
2. Mileage to and from personal residence will not be reimbursed. Mileage will be reimbursed at the rate approved by the board if an employee is required to go to another location other than his/her normal work site. Mileage will be based from employee's home or their assigned worksite, whichever results in the lower number of miles to be reimbursed.
3. The cost of meals will not be reimbursed unless an employee is required to be away from home overnight or unless the meal is an integral part of a meeting function.
4. No advances shall be made for in area travel.

OUT OF AREA TRAVEL

1. Travel shall be requested and approved in advance by completing a "Request and Authorization for travel" request form. Out of area travel shall be approved by appropriate Program Director and Executive Director.
2. An employee driving his own vehicle will be reimbursed at the rate approved by the board up to the amount that would have been incurred should the employee have travel by air, bus, or train, whichever is cheaper.
3. Travel to high rate geographical areas will be advanced and/or reimbursed based on published rates not to exceed the maximum established by federal regulations. All travel to high rate geographical areas must be approved in advance by the Executive Director.
4. Meals and tips will be advanced using the current GSA per diem rates for Missouri and Out of State. The Per Diem rate will be divided as follows: (1/4) One quarter of the full day rate will be advanced for breakfast if necessary that you leave before 6:00 a.m., (1/4) one quarter for lunch if you leave before 12:00 noon and (1/2) one half for the evening meal if you arrive home after 6:00 p.m. or have prior approval to spend the night. Mileage will be advanced based upon a reasonable estimate provided by the employee and approved by the Program Director.

5. Mileage and attendance must be reported on the yellow copy of the Request/Authorization for Travel form by filling out the Out of Area Travel Voucher Form portion. Failure to verify attendance may result in the per diem advances being withheld from the paycheck.
6. Room arrangements are to be written up on a purchase requisition and to go through the same process as a purchase requisition but after approved it is given to Accounting for arrangements to be made. Accounting Staff will give arrangements to person requesting and send the purchase requisition on for processing.

PERSONNEL AND PAYROLL

Authorization for employment will originate with a Personnel/Payroll Action form. This form authorizes the addition of a new employee to the payroll and furnishes position, pay, and withholding information. The Personnel/Payroll Action form may also be used for any other change in status of an employee, raise in pay, change of position, or termination. The Personnel/Payroll Action form must be approved by the Executive Director.

MOCA is on a biweekly pay period with checks being issued on Friday. If the Friday falls on a holiday, the checks will go out the day prior to payday. Time sheets are due in the payroll department by 9:00 a.m. Monday morning, following the end of the pay period. Each employee's time sheet must be approved by the direct supervisor and the Program Director or appointed staff. Incomplete or unauthorized time sheets will be returned to the Program Director or direct supervisor. An incorrect or incomplete time sheet could cause a delay in the receipt of the employee paycheck.

OVERTIME PAY

Overtime pay will be approved in advance in writing by the Program Director that is in charge of the employee. Non-exempt employees will receive time and a half pay for work in excess of 40 hours per week.

DEDUCTION AUTHORIZATIONS

Deductions to pay must be authorized by the employee in writing. For new hires, the personnel action form constitutes consent to the deductions explained at orientation. Other deductions, as they occur, must be on the appropriate form for that deduction, signed by the employee, or otherwise authorized in writing by the employee.

INSURANCE FOR LESS THAN FULL TIME/FULL YEAR EMPLOYEES

Monthly insurance deductions for employees who are not full-time and/or full year will be calculated based on the hours and weeks shown on their most recent personnel action

form. The amount of these payroll deductions will be calculated as the amount due per year divided by the number of pay periods for that employee. Summer Premiums for insurance may be deducted from January-May of a given year since our insurance renews in January you cannot prorate the whole year because no guarantee staff will return from summer layoff. If staff chooses for deductions not be taken out as above staff will have to pay full monthly insurance premiums by the 5th day of each month including June, July and August and, if Accounting does not get staff premiums, insurance coverage will be cancelled immediately.

PAYMENT FOR LEAVE BALANCE AT SEPARATION

At the time of separation, an employee will receive payment for all unused annual leave. The amount to be paid will reflect the sum of all negative leave balances (eg, sick leave, personal day) applied to their annual leave. If this results in an overall negative leave balance, the result will be withheld from the final paycheck when possible. This payment will be made only after the employee has completed all exit items as outlined in the personnel manual. Personnel/Payroll Action forms must be sent to the Accounting Department for the employee to be paid. The Executive Director shall authorize the leave balance payment.

LEAVE BALANCES FOR PART TIME EMPLOYEES

Those employees who are subject to lay off for a portion of the year are responsible for monitoring their leave balances throughout the year. At the time of layoff, negative leave balances will be recaptured through payroll deductions, if necessary.

EMERGENCY LEAVE DONATIONS BETWEEN EMPLOYEES

At the discretion of the Executive Director, those employees whose personal situations demand leave in excess of what they have earned may request annual leave donations from fellow employees. Those employees who voluntarily agree to donate annual leave to another employee must sign a declaration to that effect and copies will be kept on file in accounting. In no case shall donated leave exceed the donor's leave accrual for a six month period.

CASH DISBURSEMENTS

The cash disbursement process is a continuation of the procurement process or of any process involving the disbursement of cash. Standards that must be adhered to in dealing with cash include:

1. All employees handling cash shall be bonded in an amount consistent with access to cash
2. All cash and checks must be deposited in a bank with FDIC insurance coverage.

3. Functions and responsibilities must be separated adequately to safeguard MOCA's assets.

SEGREGATION OF DUTIES

FUNCTION	RESPONSIBILITY
Initiation of Function (Procurement, etc.)	Program Director
Approval of action taken by Program Director and approval of cash disbursement	Executive Director
Verification to support disbursement of cash	Accounting Department
Cash disbursement authorization	Finance Director

CASH DISBURSEMENT PROCESS

No check will be prepared without a written requisition or voucher in advance. Each requisition or voucher must contain adequate documentation to support the disbursement of cash.

Checks will be prepared from an invoice (prefer original invoice). For disbursements that do not require an invoice, reference to a lease agreement or executed contract will serve as the basis for preparation of check.

All checks are to be computer written. The personnel assigned responsibility for the check signing shall be non-accounting staff and be approved by the Board of Directors.

To ensure that bills are paid in a timely manner, vouchers, purchase orders and out of area travels received by noon of each Friday will be paid by the following Thursday. It is the responsibility of the Accounting department to verify cash requirements.

Check disbursements will be on pre-printed, pre-numbered checks. Blank checks are in the control of and secured by the Finance Director. Voided checks will be properly mutilated by writing VOID on the face of the check and perforating or removing the signature lines. Voided checks are retained for subsequent inspection. PHA Section 8 checks are blank check stock and use of the Lindsey software to print all aspects of the checks. Blank check stock is in the control of and secured by the Finance Director.

The signing of checks in advance is prohibited.

For those disbursed checks that have not cleared within 90 days, a stop payment request shall be issued to the bank. For the Section 8 program the vendors are contacted when the stop payment request is processed.

Electronic payments, ACH, Bank Drafts, Online Payments, Credit Card Payments, etc. must go through the same approval process as check payments. Vouchers for electronic payments contain additional information referring to the alternate payment method and requires two check signers to authorize the payment. Finance Director is responsible for setting up payments via electronic communication and registering MOCA with user name and passwords. Accounting staff is responsible for completing the electronic payment once approval authorization is obtained. All email notifications of payments made are sent directly to a separate email account set up and monitored by an Accounting staff. Accounting staff prints out payment confirmations and attaches to vouchers with approval and back up of expenses.

MOCA's Fiscal Year ends January 31. The Fiscal Year cutoff for processing payments due prior to that date will be paid until a date determined by Finance Director in February due to time constraints with reporting and auditing schedules.

CASH FLOW MANAGEMENT

The Finance Director and Accounting staff 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.

Missouri Ozarks Community Action, Inc. (MOCA) adheres to the requirements of its grants which may prohibit loaning funds between programs (for example, Head Start), therefore, cash management and reporting is performed at the program level as well as for the Organization as a whole.

If account balance(s) in any particular financial institution exceeds the dollar amount federally-insured(FDIC) threshold, Finance Director will request collateral security from the financial institution for the amount on deposit in excess of the threshold.

STALE CHECKS

Missouri Ozarks Community Action, Inc. (MOCA) will write off checks of \$1,000 or less that are more than 6 months old that have not cleared the Organization's bank. For uncashed checks that are more than 6 months old and that exceed \$1,000, contact will be made with the payee to resolve the issue.

All stale checks that are written off within the same fiscal year as they were written shall be credited to the same expense or asset account that was debited when the check was written, or the expenditure incurred. For stale checks written off in fiscal years

subsequent to the year in which the check was written, the credit shall be to miscellaneous income.

Missouri Ozarks Community Action, Inc. (MOCA) will also comply with the Missouri State laws regarding unclaimed property.

WIRE TRANSFERS

The Finance Director and Accounting department staff members shall be the only Missouri Ozarks Community Action, Inc. (MOCA) employees authorized to transact wire transfers from Missouri Ozarks Community Action, Inc. (MOCA) bank accounts. Confirmations of all wire transfers are delivered to the Accounting department.

CASH

All receipts will be recorded immediately by the person receiving them. Checks are recorded as to amount and source and electronically deposited daily. Cash donations will be recorded by a signed receipt returned to the donor and a copy forwarded to Accounting.

All receipts are deposited on the day received. After 2:00 p.m., all receipts are deposited the next working day.

The Accounting department copies the deposit slip and any other supporting documentation is added to the cash receipts book and general ledger.

GRANT APPLICATION POLICIES

MOCA is primarily funded by either grant or purchase of service contracts. Prior to the beginning of each program year, a formal application must be made. Applications include the requirements for the receipt of money, both fiscal and performance. Some applications require the submission of a budget. MOCA's policy is to prepare a budget per these policies whether or not such is required by a funding source.

The process of preparing a grant application will be assigned by the executive director.

All grant applications:

1. Follow the instructions from the funding source
2. Define performance indicators
3. Identify reports required by funding source

4. Identify reports necessary for adequate internal tracking of progress
5. Budget, the cost to produce the activity required to accomplish goals.

The assigned staff person forwards the above to the Finance Director. The Finance Director reviews for financial compliance, accuracy, and financial reporting requirements.

The Finance Director forwards the above to the Executive Director for review of administrative compliance, budget accuracy and adequacy, consistency with MOCA's mission, possibility of successful implementation of grant. Continuation grants may be authorized by the Executive Director. New applications will be reviewed by the Executive Director against the criteria defined in this section as well as the funding source requirements. New project proposals must be authorized by the Board of Directors either prior to submitting application or prior to accepting a contract award.

Approved grant awards or contracts are accepted by the Executive Director and copy is forwarded to both the Finance Director and Program Director.

The Finance Director establishes the necessary accounting records including account codes, report preparation, schedule, etc., to financial compliance provisions of the grant and the corporation.

The Program Director establishes the necessary program records to assure compliance with standards and achievement of goals.

An initial meeting is held by the Executive Director after grant/contract acceptance, including the finance director, program director and appropriate staff to assure that plans and procedures are adequate to meet the fiscal and program compliance needs of the grant/contract.

Program and Administration budgets for the coming fiscal year will be prepared and submitted to the Finance Committee for their review in preparation for full Board approval. Non-significant changes to the budget are submitted to the Finance Director by the Program Director as budget line items are needed. Non-significant changes noted by Finance Director based on actual experience are communicated to the Program Director as soon as they are noted. Significant budget changes as determined by the Executive Director may not be made without board authorization. Where the funding source requires approval of budget either by program goals or amount, a budget amendment request will be prepared. When approved at the appropriate level per the Executive Director's signature, appropriate journal entries will be initiated by the Finance Director.

BOOKS OF ORIGINAL ENTRY AND FINANCIAL REPORTS

The objective of MOCA's accounting system is to provide financial information on an accurate, timely basis. The flow of transactions and financial results of operations to

those entrusted with the responsibility of managing the grants must account for all funds received and expended. Financial reports will make full disclosure to the Program Director, Executive Director, Board of Directors and Head Start Policy Council of the information.

Full disclosure includes the following:

1. **Completeness and Clarity:** All essential financial facts relating to the scope and purpose of each report and the period of time involved will be included and clearly displayed.
2. All financial data presented will be accurate, reliable, and truthful.
3. **Accounting Support:** Financial statements and reports will be based on official records maintained under GAAP (General Acceptable Accounting Practice) that produces information objectively, disclosing the financial aspects of all events or transactions taking place. Financial statement content will be traceable directly to the accounting records.
4. All amounts of cost applicable to an activity or program for which a statement of operations being presented will be included.
5. **Extent of detail:** The amount of detailed information presented will be sufficient to provide a clear and complete report.
6. **Consistency:** The financial data reported shall be derived from accounts that are maintained on a consistent basis from period to period.
7. **Terminology:** Consistent and non technical terminology shall be used in financial statements and reports to promote clarity and usefulness at all levels of management review.
8. Other as required by the executive director or board of directors.

The accounting system is composed of books of original entry and their supporting logs, documents, and procedures. The books of original entry consist of general ledgers, cash receipts and disbursements journals, and voucher payable journals. In order for the accounting system to generate, information must be adequately safeguarded through limited access to documents, logs, journals, and ledgers by assignment of responsibility for maintenance of logs, journals and ledgers and by proper implementation and consistent use of established procedures that control how the accounting system operates.

FINANCIAL REPORTING TO FUNDING SOURCE

MOCA shall adhere to funding source requirements for reporting the status of funds for all projects or programs.

Each awarding agency shall determine the frequency of the financial status report for each project or program.

The current frequency of MOCA reports is shown in attachment 3.

PROPERTY AND EQUIPMENT RECORD SYSTEM

The property and equipment record system deal specifically with the safeguarding of property and equipment. A high degree of importance is placed on the proper utilization of property and equipment as stated in the following federal standards (45 CFR Part 74.34 and 45 CFR Part 92.32):

1. There shall be established a control system to insure adequate safeguards to prevent loss, damage, or theft of property and equipment.
2. There shall be established adequate maintenance procedures to keep the property and equipment in good condition.
3. Disposition of non-expendable property shall be handled in accordance with the specific requirements of the funding source from which funds were obtained to make the initial purchase.

The Board of Directors have adopted the above federal standards for use by this corporation and have established additional standards and policies as described below.

A property ledger shall be established and will contain sufficient detail so as to identify the following:

1. Description of property and proper classification between expendable and non-expendable.
2. Legal title holder (MOCA)
3. Location, identification number and manufacture's serial number (if known).
4. Funding source for purchase, donation, etc.
5. Cost per unit, date purchased.
6. Record of transfers or disposition.
7. Person responsible for safeguarding item of non-expendable equipment.

A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. The physical inventory shall be

conducted by staff assigned by the Executive Director. A listing of all non-expendable will be prepared from observation, and shall be reconciled with the property ledger.

Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. MOCA shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.

For Accounting department uses, non-expendable personal property having a useful life of more than two years and an acquisition cost or, if donated, a fair market value of \$2,000.00 or more is booked in the agency balance sheet. All fixed assets are shown at cost and are not depreciated, unless required by the funding sources.

The purchase, control, and disposition of property shall be the responsibility of Program Directors. As stated in the section relating to procurements, any purchase of property in excess of \$5,000.00 must be approved in advance by the Board of Directors, must be necessary to completion of the program, and must be included in the budget submitted with the grant application if to be purchased from federal or state funds.

If the total cost of leasing equipment over a three year period exceeds the initial cost of the property, then the corporation shall purchase the property.

In order to adequately safeguard property, control must be vested in an individual or in individuals. By placing property in the control of the Program Directors, personal responsibility for the adequate maintenance and for accountability of the physical presence of the property is fixed.

Upon authorized acquisition of equipment, the Program Director shall complete the information as stated above to add to the property ledger. In order to be relieved of control over and responsibility for the property, the Program Director shall complete an approved form for the transfer or disposition of the property.

Disposition of property shall be in accordance with federal standards and funding source requirements. The approved form for transfers or disposition of property shall be used to adjust the property ledger accordingly.

INKIND

All contributions, including cash and third party in-kind, shall be accepted as part of the cost sharing or matching when contributions meet all of the following criteria.

1. Are verifiable from the recipient's records.
2. Are not included as contributions for any other federally assisted project or program.
3. Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. Are allowable under the applicable cost principles.

5. Are not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing or matching
6. Are provided for in the approved budget when required by the federal awarding agency.
7. Donations are subject to audit for reasonableness and allowability, either internally or by contracted independent auditors.

RETENTION AND ACCESS REQUIREMENTS FOR RECORDS

This section sets forth requirements for record retention and access to records for MOCA. Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, for the date of the submission of the quarterly or annual financial report, as authorized by the awarding agency.

The only exceptions are following:

1. If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
2. Records for real property and equipment acquired with federal funds shall be retained for 3 years after final disposition.
3. Indirect cost rate proposals.
 - If submitted for negotiation to the federal awarding agency or the sub recipient submits to the recipient the proposal, plan, or other computation to form the basis for negotiation or the rate, then the 3-year retention period for its supporting records starts on the date of such submission.
 - If not submitted for negotiation. If the recipient is not required to submit to the federal awarding agency or the sub recipient is not required to submit to the recipient the proposal, plan, or other computation for negotiation purposes, then the 3-year retention period for the proposal, plan, or other computation and its supporting records starts at the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

ATTACHMENT 1 - PROCUREMENT PROCEDURES

PROCUREMENT PROCESS (NON-BID)

The procurement of goods or services involves three major phases: requisitioning, ordering and receiving. Requisitioning of goods or services involve completing a purchase requisition form and approval by the program manager. Before approving a requisition, the program manager must determine if the request meets all the following criteria:

1. The expenditure is included in the approved budget
2. The expenditure is allowable under the grant terms and conditions
3. The expenditure is necessary to the program

If a request does not fulfill all the above criteria, then it shall be denied.

Requests for payment for goods or services must be received by the Fiscal department noon on Friday of each week in order to be processed and paid by Thursday of the next week.

If a requisition is incomplete, is not signed by the Program Director, or does not contain a bid form or quote form with appropriate supporting data, it will be returned to the Program Director with an informal explanation.

Field staff are encouraged to buy from local vendors, if practical, to maintain good relations within the community.

Emergency purchases are those transactions required to obtain equipment, supply, food, or material essential for continuation of program, the preservation of life or property. In this instance, approval must be given by the program director or department head with final approval received by the agency executive director before purchase. An emergency purchase order number must be obtained by contacting the Finance Director before purchase.

The following listing indicates examples of type of items, services or agreements that require purchase requisition form:

- Equipment maintenance agreements
- Equipment repairs
- Consultant services
- Subscriptions to periodicals
- Travel costs (Airline & Hotels)
- Vehicle license renewals
- Office and program supplies
- Equipment purchases
- Dues
- Meeting registration fees
- Facility maintenance costs

Examples of exclusions

- Direct services to program participants
- Telephone services
- Utility costs
- Rent
- Legal services (When at the discretion of the Executive director)
- Food Bills for Head Start

REQUISITIONING

1. When a program needs goods, materials, or other services, it must initiate a request by means of purchase requisition form. This form, after approved by program director, is forwarded to the finance department for approval and processing. The form furnishes information as to the quantity, material description, catalog or stock number, price, general ledger code (only one general ledger number per form), the date by which purchase order is needed, minimum of 4 days should be shown, and purpose for the purchase.
2. Requisition for purchase of goods or services must be received by the Fiscal department on noon Friday of each week in order to be processed by Thursday of the next week all purchase requisition forms submitted must be neat and legible. Requester should use caution to assure that the heading and body portions of the purchase requisition form have been accurately completed. The employee originating the order should sign on the line provided for "requested by" and forwarded to their program director for approval.
3. Finance Director will validate fund availability according to budget documents and convert purchase requisition to purchase order with assignment of a purchase order number and return to appropriate department.

ORDERING

1. The three-part purchase order form becomes valid upon assignment of a number and returned to the requester.
2. Distribution of the purchase order copies as follows:
 - a. Original (white) to vendor. This authorizes the purchase transaction.
 - b. White stub is retained by the Accounting Department to be filed for source document.
 - c. Triplicate (yellow) is returned to requester and is used to check against the order when it arrives. Any shortages, overages or back orders should be noted on this document. All receiving documents and packing slips should be attached to this copy, signed, dated and sent to Accounting for payment. Invoices should always be attached to the front of yellow copy. Invoices usually come to the Accounting department.

RECEIVING

1. Incoming materials are received and checked for number of items and price by the purchaser. Quantities received and date should be noted on the yellow copy of the purchase order. When a partial shipment is received, the purchase order is held in suspense until the balance of the order is received or subsequently canceled. Accounting must be notified in writing when a back order has been canceled or adjustment is expected on a purchase order. (I.e., part of the merchandise has been returned for credit.) These notes should be on the triplicate (yellow) copy of Purchase Order.
2. All invoices or receipts must be signed by purchasing personnel and forwarded to Accounting for payment. All invoices or receipts must have the agency's purchase order number.
3. Accounting will insure that these will be expeditiously handled in order to take advantage of vendor discounts and avoid late fees.

ATTACHMENT 2 - PAYROLL PROCEDURES

To pay by every other Friday, it is imperative that time sheets arrive in the Richland office by Monday morning of the pay week. It is the employee's responsibility to be sure their time sheet is ready to be processed when it arrives at the Richland office.

1. All time must be coded to a specific program/func.
2. All time sheets must be signed by the employee and immediate supervisor.
3. All sick/leave requests must be attached with the time sheet and signed by the employee and immediate supervisor.

If you wish to pick up the check on the scheduled pay day, you may pick up the check at the Richland Office between 2:00 p.m. to 3:30 p.m. when the following guidelines are met:

1. When you submit your time sheet, write on the lower right corner of the time sheet you want to pick it up.
2. Do not charge MOCA time and mileage for your trip.
3. If your time sheet says that you will pick up your check and you do not come, it will be posted with the outgoing mail at 3:30.
4. A phone call is never sufficient to release your check to anyone else. If you authorize someone else to pick up your check, they must have your written and signed authorization, either on your time sheet per item 1 above, or they must bring such authorization with them.

ATTACHMENT 3 - FINANCIAL/PROGRAMMATIC REPORTING
FREQUENCY

<u>PROGRAM/GRANT</u>	<u>DUE DATE</u>	<u>RESPONSIBILITY</u>
LIHEAP	15 th of Month	Accounting
Dept of Mental Health	20 th of Month	HUD
Shelter Plus	20 th of Month	HUD
HUD VMS	22 nd of Month	HUD/Accounting
DNR	10 th of Month	Accounting
AMEREN UE	10 th of Month	Accounting
CACFP	10 th of Month	Head Start
CSBG	10 th of Month	Accounting
HEAD START-425	10/30 & 04/30	Accounting
HEAD START-FFR	Quarterly	Accounting
CSBG- IS	Annually	CSBG/Accounting
HUD REACT/Balance Sheet	Within 60 days FYE	HUD/Accounting