



Financial Policies and Procedures

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INTRODUCTION

The Board of Directors has ultimate responsibility for all operation and activities, including financial management.

The Executive Director is responsible to the Board of Directors for all operations and activities insuring compliance with all applicable federal, state and local regulations.

Financial duties and responsibilities must be separated as allowed by structure of the organization so that no one employee has sole control over cash receipts, disbursements, pay rolls, bank account reconciliation, etc.

FINANCE COMMITTEE

Alliance for Youth shall maintain a standing Finance Committee. The Finance Committee will be chaired by the Treasurer of the Board of Directors. At least two additional Directors will serve on the Committee. The purpose of the Finance Committee is to provide additional financial checks and balances and to support the Executive Director in managing the financial aspects of the organization. The Finance Committee develops and reviews fiscal documents in conjunction with the Director and the Finance Committee makes recommendations for action to the Board of Directors.

SCHEDULE OF ROUTINE MAINTENANCE

Accounting policies and procedures will be reviewed by the Executive Director, as required by Federal guidance or agency changes. Changes to financial procedures manual will be presented to the Board of Directors for approval prior to Implementation.

Authorized signatures including all bank accounts will be reviewed and updated as needed.

A review of individuals to be bonded will be done as needed and/or when the policy renews.

Accounting Procedures

A certified accounting firm or individual will perform all accounting procedures for the Alliance for Youth. Industry standard software will be utilized to complete accounting services in compliance with appropriate federal, state and local regulations. Each funding sources' revenues and expenditures, including individual Federal programs will be distinctly separated. A chart of accounts will document funding departments and revenue and expenditure line items (Appendix A). The following reports will be generated each month for each account (funding stream and/or

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FISCAL YEAR

The fiscal year of The Alliance for Youth is defined as that time period starting July 1 each year and ending on June 30, the following year.

Grant fund years may be different from the agency fiscal year, but all grants must have accurate accounts payable, accounts receivable, equipment, inventory and cash position records for the agency fiscal year end.

As grants are received, the Executive Director will provide the accounting firm/individual the Notice of Grant Award, grant budget and reporting requirements. The Executive Director will prepare and submit any budget modification requests to the Treasurer and Finance Committee for review and recommendation to the Board. The Board will consider and approve/disapprove all budget modifications.

GENERAL LEDGER

The general ledger will be maintained for each fund by the accounting firm/individual, using an industry standard, double entry method of accounting on an industry standard, computerized accounting system that distinctly separate revenues and expenses by funding sources, including separation by federal program.

The general ledger reports will be prepared monthly and will document by fund and cumulatively, receipts and disbursements.

GRANTS

Matching or Cost Sharing

1. Alliance for Youth will record, or cause to be recorded, documents to verify match or cost-sharing contributions, including cash and third-party, in-kind. Records will also document that the match or cost-sharing contribution is necessary and reasonable for proper and efficient accomplishment of the project or program objectives.
2. Recorded matching or cost sharing contributions will not be included for any other federally-assisted project or program and will not be paid by the Federal Government under another award (except where authorized by Federal statute to be used for cost-sharing or matching).
3. Matching and cost-sharing contributions will be allowable and must be provided for in the approved budget.

3. Checks will be recorded on a deposit slip daily, as received. Cash and checks will be stored in a locked file cabinet until taken to the bank. Deposits will be made by Executive Director at least weekly

Grant drawdowns will be limited to the minimum amounts needed to cover allowable project costs and will be timed in accordance with the actual immediate cash requirements of carrying out the approved project. Grant drawdowns to cover future expenditures are NOT allowed unless the expenditure will be completed within 72 hours of the drawdown.

Cash Disbursements

All disbursements are made via checks that are numbered sequentially or electronic funds transfers. All blank checks will be secured in a locked cabinet.

1. The Executive Director will pre-approve disbursements of less than \$1,000.00. Board pre-approval is required for disbursements of more than \$1,000.00 and procurement policy, defining procedures for disbursements of over \$1,000.00 (contained herein), must be adhered to.
2. To ensure that goods or services have been received, without exception, original bills and invoices will be reviewed by the Executive Director. The Executive Director will write each check, complete each electronic transfer, record each check and electronic funds transfer in the check register and document the budgeted funding source (department) and budget line item.
3. Checks will be signed by The Executive Director and one authorized Board member or by two authorized Board members. Board check signing authorization is limited to four Board members. Those signing are authorizing payment and verifying the expense is budgeted, reasonable and necessary to accomplish approved project objectives. The Board members must be designated by the Board as check signers, Authorized persons to sign checks must be on the bank signature card and the bank resolution.
4. Industry standard, fund accounting software, will be used to record both Payroll and Accounts Payable checks and electronic funds transfers. Accounts Payable checks and funds transfers will be issued weekly and other times as necessary. Payroll checks will be issued semi-monthly.
5. Voided checks will have “void” boldly written in ink across the face of the check and kept in a file for reference.
6. In NO event will:
 - a) checks be prepared unless these procedures are followed
 - b) checks be used other than in numerical order

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4. Under NO circumstances will a payroll check be prepared and issued without a completed time sheet, signed by the employee submitted to the accounting firm/individual. Unscheduled payroll checks will be prepared in accordance with the Montana State Wage and Hour Laws, 39-3-204.

Payroll Taxes

1. Payroll taxes will be calculated after all payroll checks for the pay period have been posted.
2. Both the Federal Deposit and the State Deposit will be made with the respective regulatory agencies within prescribed timeframes.

Payroll Deductions

All voluntary payroll deductions, such as, credit union, dependent health insurance, retirement, medical, will be requested in writing by the employee. Monies deducted through payroll will be deposited or paid appropriately on a timely basis, no later than thirty (30) days after the end of the month.

TRAVEL

Reimbursement Rates

1. Mileage to and from the employee's residence will not be paid by the agency without prior approval of the Executive Committee or the Executive Director.
2. All travel, other than local travel, must be pre-approved by the Executive Director or the Executive Committee of the Board of Directors. Prior to travel other than local, all employees must complete and obtain appropriate approval as testified by appropriate signatures on travel request forms. The Executive Director will maintain records to document compliance with policy.
3. All travel must be reasonable. Local capabilities and capacities to accomplish the objective nominated to best be achieved through non-local travel must be assessed and evidence of lack of local capability and capacity documented within the travel request form. If air travel is to be utilized at least two comparison fares must accompany the travel request. If car rental is to be utilized at least two comparison rental fees must accompany the travel request. The Executive Director or the Executive Committee of the Board of Directors will review and approve/disapprove.
4. Non-local mileage, meals and lodging will be reimbursed at the federal or state per diem rate applicable to the funding source, unless otherwise justified and pre-approved.

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ACCOUNTS RECEIVABLE

Documentation will be maintained for Accounts Receivable, with copies submitted to the accounting firm/individual for proper posting upon receipt.

Accounts Receivable will be recorded in the general ledger (at least annually) and collected on a timely basis.

PROCUREMENT AND EQUIPMENT MANAGEMENT

Equipment

1. Depreciation. Purchases of over \$5,000.00 will be capitalized and depreciated annually in the fiscal audit.
2. Equipment Inventory. The Executive Director will maintain an equipment inventory for all items purchased for \$500.00 or higher. The inventory will be reviewed with the auditing firm annually. The equipment inventory will include a description (including brand, serial and model number and inventory tag number), cost, purchase date, source of funding, location and condition of each property item. The Board of Directors will review and approve equipment disposal recommendations. Numerical agency inventory tags will be applied to all equipment purchased for \$500.00 or more.
3. Safeguarding from Loss or Theft. All equipment, other than laptop computers and projectors, must be stored in locked agency offices and/or buildings. Office and building key access is limited and keys are not able to be duplicated. Employment Policies and Procedures stipulate, and employees must agree, to maintain agency laptop computers and/or projectors in their locked residence or hotel. Pre-approval is required to remove agency equipment from an agency building or office. Agency equipment is not allowed to be stored in employees' vehicles or in luggage, etc.
4. Procurement. At least three (3) verbal or written quotes will be obtained for purchases of \$1,000.00 or higher. The Executive Director will maintain records of quotes obtained and rationale for purchase decisions. The Board must approve purchases of more than \$1,000.00.

Consultants and Contractors

1. Contracted services must support accomplishment of the agency's mission and necessary to accomplishing a specific project goal and/or objective.

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REPORTS

Monthly

1. Adjustments including deposits, recurring monthly entries and corrections, are entered in the industry standard, double accounting system by the accounting firm/individual.
2. Expenditure reports, general ledgers, statement of activities, statement of financial position, bank reconciliation and selected statements or operations, as requested, will be generated monthly by the accounting firm/individual after month end adjustments are posted.
3. Copies of expenditure reports and statements of operations will be prepared for review by the Executive Director for accuracy and reasonableness. Irregularities or questions will be reported and reviewed with the accounting firm/individual and AFY's Finance Committee.
4. Agency financial reports will be prepared and submitted to Alliance for Youth's Executive Director and the Finance Committee for reporting to the Board of Directors.
5. The Executive Director is responsible for all reporting to funding sources, assuring reports are submitted on a timely basis.

Payroll reports Form 941, Unemployment Compensation and Workers Compensation reports will be prepared and submitted by the Executive Director from reports generated by the accounting firm/individual.

Quarterly and Annually

1. Final reports will be prepared and submitted by the Executive Director as required by funding sources.
2. An annual fiscal audit or financial review will be performed in accordance with the organization's funding level and funding agency requirements/regulations, particularly OMB Circular A-133 for fiscal years with expenditures under federal awards of \$500,000 or more, and/or at the Board of Director's discretion.
3. Reports on audits will be submitted to the funder, in cases of federal funding, to the Federal Audit Clearinghouse (FAC), within the earlier 30 days after receipt or nine months after the fiscal year's end. The FAC must be submitted electronically at <http://harvester.census.gov/fac/collect/ddeindex.html>
4. The agency auditing firm will prepare Form 990, Return of Organizations Exempt from Income Tax. The Executive Director will review, approve and sign Form 990.

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