

**Northwest California
Resource Conservation &
Development Council**

Fiscal Policies & Procedures

Approved by the Board of Directors, **DATE**

Northwest CA RC&D Council Fiscal Policies & Procedures

Table of Contents

Accounting Procedures	1
Basis of Accounting.....	1
Journal Entries.....	1
Bank Reconciliations.....	1
Recordkeeping.....	2
Internal Controls.....	5
Lines of Authority.....	5
Conflict of Interest.....	6
Segregation of Duties.....	6
Physical Security.....	6
Financial Planning & Reporting	7
Budgeting Process.....	7
Internal Financial Reports.....	8
Audit.....	8
Tax Compliance.....	9
<i>Exempt Organization Returns</i>	<i>9</i>
<i>Quarterly/Annual Payroll and Contractor Reports.....</i>	<i>9</i>
Revenue & Accounts Receivable.....	9
Invoice Preparation.....	9
Revenue Recognition.....	10
Income Receipts.....	11
Deposits.....	12
Expense & Accounts Payable.....	12
Payroll.....	12
<i>Time Sheet Preparation & Approval.....</i>	<i>12</i>
<i>Payroll Additions, Deletions, and Changes.....</i>	<i>13</i>
<i>Payroll Preparation & Approval.....</i>	<i>13</i>
<i>Pay Upon Termination.....</i>	<i>13</i>
Purchases & Procurement.....	14
Independent Contractors.....	20
Invoice Approval & Processing.....	21
Payment Disbursements.....	22
Petty Cash.....	22
Line of Credit/Credit Cards.....	23
Expense Allocation.....	23
Asset Management.....	23
Cash Management and Investments.....	23
Capital Equipment.....	24
Employee Retirement Accounts.....	24
Operating Reserve.....	25
Forms containing relevant policy.....	26
Council Members Conflict of Interest Policy and Disclosure Form.....	26
Council Cash Income Form.....	28

Accounting Procedures

This section covers basic accounting procedures for the organization, the Northwest California Resource Conservation & Development Council, a 501(c)3 non-profit. The accounting procedures used by the organization shall conform to Generally Accepted Accounting Principles (GAAP) to ensure accuracy of information and compliance with external standards.

Basis of Accounting

Policy: The organization uses the accrual basis of accounting. The accrual basis is the method of accounting whereby revenue and expenses are identified with specific periods of time, such as a month or year, and are recorded as incurred. This method of recording revenue and expenses is without regard to date of receipt or payment of cash. The Council fiscal year begins July 1st and ends the following June 30th.

Procedures:

- Throughout the fiscal year, expenses are accrued into the month in which they are incurred.
- At the close of the fiscal year, all expenses that should be accrued into the prior fiscal year, are so accrued, in order to ensure that year-end financial statements reflect all expenses incurred during the fiscal year. Year-end books are closed no later than 90 days after the end of the fiscal year, excepting if an extension to file taxes is submitted. If a tax extension is filed, the closure of the books may be extended an additional 90 days.
- Revenue is always recorded in the month in which it was earned or pledged.

Journal Entries

Policy: Journal Entries (JEs) are posted when corrections to completed transactions (e.g., paid check) are necessary.

Procedures:

- Procedure A: Office Manager or, if unavailable, Accountant are responsible for preparing JEs.
- Procedure B: Program Manager or Director reviews JEs and approves them with a signature on the last page of the JE.
- Procedure C: Accountant posts approved JEs into the accounting system.

Bank Reconciliations

Policy: All bank statements will be opened and reviewed in a timely manner. Bank reconciliation and approval will occur within 30 days of the close of the month.

Procedures:

- All bank statements and cancelled checks will be opened and reviewed by the Office Manager upon receipt.
- Once reviewed, bank statements are submitted to the Office Assistant for reconciliation.
- The Executive Director or Program Manager will review and approve reconciliation reports by signing and dating the report in the upper right hand corner.

- Any entries or adjustments to the accounting system based on the reconciliation shall be posted by the Accountant.

Recordkeeping

Policy: This recordkeeping policy governs the management and retention of the Council's records. Its purpose is to ensure that all records necessary for business and compliance reasons will be retained for a period of time that will reasonably assure their availability when needed, but for no period of time longer than reasonably necessary. This policy is intended to supplement but not replace any state and federal laws governing the destruction of documents and records applicable to nonprofit and charitable organizations. It is the policy of Council to retain and manage all records in accordance with uniform guidelines, practices, and procedures. All Council Directors, Officers, employees, volunteers, agents and other personnel shall manage, protect, and maintain all records in accordance with these recordkeeping policies and procedures. Failure to comply with this policy may result in disciplinary action, up to and including termination of employment, volunteer, or Board Director status. It should be noted that e-mail messages are documents that should conform to these guidelines based on their content.

Procedures:

- Procedure A: As new agreements are received, the retention date, if required by the grantor to be different than what is stipulated in the chart below, shall be written on the lower right corner of the first page as follows: "Retain until mm/dd/yyyy".
- Procedure B: Confidentiality shall be maintained for all sensitive records including personnel and payroll records by maintaining them in a location with restricted access, such as a locked filing cabinet or server folder with restricted access. Personnel records shall be organized per section "XII. Personnel Records" of the Council's "Personnel Policy & Employee Handbook".
- Procedure C: Each year, the Office Manager, or designee, will review a list of all records that have reached the retention end (destruction) date and will confirm that the records can be destroyed or determine that they will be archived.
- Procedure D: Records to be archived shall be scanned and saved onto a hard disk, such as the server, with the following naming convention: RecordTypeCode_Identifier_EndDateRecord, where the format for the end date of the record is yyyymmdd. RecordTypeCode is indicated in the retention table below. An Identifier may not apply to all records. However, for common record types the Identifier format is as follows:
 - Income agreement: Quickbooks 3 digit numerical code followed by a dash, followed by 5 digit grant code. Example: 100-55555.
 - Expenditure agreement: expense agreement number, which is the last two digits of the year of execution followed by a dash, followed by a 3 digit number assigned sequentially. Example: 17-001.
 - Personnel record: LastnameFirstnameMiddleinitial, where middle initial is only required if there is more than one employee with the same first and last name.
 - Tax return: According to Council Fiscal Year FY##-##.

Council personnel must make good faith efforts to protect the integrity of records. Electronic records shall be stored on hard disk and backed up to at least one other location. Antivirus shall be maintained on hard disks that store such records, which are accessed via an operating system.

- Procedure E: Destruction: Hard copy records confirmed to be destroyed shall be shredded and the remains recycled if possible. Destruction of electronic records shall utilize a method to ensure they are completely destroyed and not retrievable from any storage media known to

contain them. All document destruction shall be halted in the event the Council is being investigated by a governmental law enforcement agency, and routine destruction shall not be resumed without the written approval of legal counsel or the Council President.

- Procedure F: The Office Manager, Accountant, and Treasurer shall meet as needed, at a minimum of once every two years, to review and, if necessary, develop updates to this policy to comport with changed business practices and systems and new or amended laws or regulations. Any changes to this policy must be approved in writing by Council's Board of Directors. Changes will be distributed to relevant Council personnel.

Retention Schedule:

To the extent that contractual records retention requirements exceed the retention periods in this Retention Schedule or specify the retention of Records not listed in the Retention Schedule, the contractual requirements will control. To the extent that a record is included in more than one category (Record Type), the longer retention period shall apply. Records which are (i) not identified in the Retention Schedule, (ii) no longer needed for Council business or operations and (iii) not subject or pertinent to an investigation, should be promptly destroyed.

Record Type	Retention Period	RecordTypeCode
Accounts payable ledgers and schedules: 10 years	10 years	AP
Accounts receivable ledgers and schedules: 10 years	10 years	AR
Audit reports of accountants: Permanently	Permanently	Audit
Bank statements: 10 years	10 years	BankStmt
Checks (canceled, with exception below): 10 years	10 years	CheckReg
Checks (canceled, for important payments; i.e., taxes, purchase of property, special contracts, etc. [checks should be filed with the papers pertaining to the underlying transaction]): Permanently	Permanently	CheckKey
Contracts and leases (expired), including loan documents: unless contract or lease requires a longer period, 10 years	10 years	Contract [or] Lease
Contracts and leases still in effect, including loan documents: Permanently	Permanently	Contract [or] Lease
Correspondence, general: 4 years	4 years	MailReg
Correspondence (legal and important matters): Permanently	Permanently	MailKey
Council foundational documents including minute books of Board of Directors, including Bylaws and Articles of Incorporation: Permanently	Permanently	CouncilFoundDoc

Record Type	Retention Period	RecordTypeCode
Depreciation schedules: 10 years	10 years	PropDeprec
Donation records of endowment funds and of significant restricted funds. (These exclude grant and fee for service agreements, which are specified below.): Permanently	Permanently	DonationEndow
Donation records, other. (These exclude grant agreements, which are specified below.): 10 years [Note: Donation records include a written agreement between the donor and the charity with regard to any contribution, an email communication or notes of or recordings of an oral discussion between the charity and the donor where the representative of the charity made representations to the donor with regard to the contribution on which the donor may have relied in making the gift.]	10 years	Donation
Duplicate deposit slips: 10 years	10 years	DupDep
Employee personnel records (after termination): 7 years	7 years	Employee
Employment applications: 3 years	3 years	EmpApp
Expenditure agreements entered into with consultants or contractors: unless funding source requires a longer period, 10 years	10 years	ExpAgrmt
Expense analyses and expense distribution schedules (includes allowance and reimbursement of employees, officers, etc., for travel and other expenses): 10 years	10 years	ExpRecAP
Fee for Service income agreements and associated reports: unless agreement requires a longer period, 10 years	10 years	FFS
Financial statements (end-of-year): Permanently	Permanently	FinStmt
General ledgers and end-of-year statements: Permanently	Permanently	GL [or] EOY
Grant income agreements and associated reports: unless agreement requires a longer period, 10 years	10 years	Grant
Insurance policies (active or expired): Permanently	Permanently	InsurPol
Insurance records, current accident reports, claims, etc.: Permanently	Permanently	InsurRec

Record Type	Retention Period	RecordTypeCode
Internal reports, miscellaneous: 3 years	3 years	MiscRep
Inventories of products, materials, supplies: 10 years	10 years	Inventory
Invoices to customers: 10 years	10 years	Invoice
Invoices from vendors: 10 years	10 years	BillsAR
Journals: 10 years	10 years	JE
Payroll records and summaries, including payments to pensioners: 10 years	10 years	Payroll
Purchase orders: 3 years	3 years	PO
Sales records: 10 years	10 years	Sale
Subsidiary ledgers: 10 years	10 years	SubsidL
Tax returns and worksheets, revenue agent reports, and other documents relating to determination of tax liability: Permanently	Permanently	Tax
Time sheets and cards: 10 years	10 years	Time
Volunteer records: 3 years	3 years	Volunteer

Internal Controls

The organization employs several safeguards to ensure that financial transactions are properly authorized, appropriated, executed and recorded.

Lines of Authority

Policy: The Board of Directors authorizes modifications to this fiscal policy. A Finance Committee has been approved to oversee fiscal matters and also to make decisions requiring a response before the next Board meeting. The Committee consists of the Treasurer (Board of Director member elected by the full Board), Executive Director, Program Manager, Office Manager, and Accountant. The Executive Director, or designee, and Office Manager oversee the day-to-day fiscal management. Office Manager, Accountant, and Office Assistant perform the day-to-day fiscal duties as outlined in this policy. The Executive Director and Program Manager have the authority to approve expenses in accordance with the budget.

Procedures:

- Procedure A: Modifications to this fiscal policy are developed by staff members that participate in the Finance Committee. Suggested changes are reviewed and may be modified by the full Finance Committee before being presented to the Council Board of Directors for review and approval by formal vote. The fiscal policy will be reviewed a minimum of once every three years, though updates may be suggested as often as needed.
- Procedure B: Budgets are developed by the Office Assistant, Office Manager, and/or Accountant in coordination with the Executive Director and Program Manager. Budgets and amendments are approved by the Board of Directors.

Conflict of Interest

Policy: Outlined in the "Council Members Conflict of Interest Policy and Disclosure Form", which is found on the second to last page of this policy.

Procedure:

- Procedure A: On an annual basis, all Board members shall complete and sign the acknowledgment and disclosure form referenced above.

Segregation of Duties

Policy: The organization's financial duties are distributed among multiple people to help ensure protection from fraud and error to the extent practical given the small size of the Council staff. The distribution of duties aims for maximum protection of the Council's assets while also considering efficiency of operations. The Accountant may not: i) deposit funds nor perform electronic drawdowns; ii) make or initiate purchases, iii) accept cash or other goods or donations; and iv) otherwise handle money.

Procedures:

- Procedure A: Refer to procedures outlined above for "Internal Controls".
- Procedure B: Mail is to be opened by the Office Assistant, Office Manager, Program Manager, or Executive Director or staff except for the Accountant.
- Procedure C: Reconciliation of bank statements is to be done by staff other than the Accountant and approved by the Executive Director or Program Manager, as outlined above in the "Bank Reconciliations" section of this fiscal policy.
- Procedure D: Expenses are approved by the Executive Director or Program Manager with an ink signature on an expense voucher. Signers on a specific expense voucher may not sign checks issued under that same expense voucher.

Physical Security

Policy: The Council maintains physical security of its assets to ensure that only people who are authorized have physical or indirect access to money, securities, real estate and other valuable property.

Procedures:

- Procedure A: Keys to the office are distributed by the Office Manager only to Full-time, Regular, and Part-time employees, unless those employees work off-site, Treasurer, and to the

Information Technology (IT) specialist. Office keys shall not be provided to temporary or seasonal employees nor to volunteers. A key is issued to the IT specialist even though (s)he may be a consultant or vendor in case of an emergency that requires them to access the office server or other IT infrastructure to preserve the integrity of the Council's records, information, or ability to maintain a functioning IT system. A key may also be issued to the Vice President or another Director that has been approved as a key signatory. Office Manager shall keep a record of all keys distributed.

- Procedure B: All doors and windows shall be secured prior to exiting by the last employee present in the building. Anyone not employed by the Council shall not be permitted to remain alone in the office.
- Procedure C: Blank checks and checks that have been issued are stored in the locked filing cabinet. Access to the filing cabinet is restricted to the Accountant, Office Manager, and Executive Director (or designee). Paychecks that have been issued and are going to be picked up by employees after hours are stored in a secured box for paychecks (paycheck box). Access to the paycheck box is restricted to employees.
- Procedure D: Cash is stored in the locked filing cabinet within a locked cashbox. Access to the cashbox is restricted to the Office Assistant, Office Manager, and Executive Director (or designee).
- Procedure E: The accounting software is kept on the server on a folder/share that can only be accessed via the Accountant, Office Manager, Program Manager, and Executive Director password protected logins. However, the accounting software Council file itself is further password protected and may only be accessed by the Accountant and Office Manager. The password to the file is changed every 120 days by the Accountant.

Financial Planning & Reporting

The Council's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The presentation of the Financial Statements shall follow the recommendation of the Financial Accounting Standards Board (FASB) No. 117, "Financial Statements of Not-For-Profit Organizations." Under GAAP, revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization may be classified as temporarily restricted or permanently restricted. Unclassified assets are considered unrestricted.

Budgeting Process

Policy: The organization's annual budget is prepared and approved annually. The budget is prepared by Council staff and first reviewed by the Finance Committee. The budget is to be approved by the Board of Directors for each fiscal year. The budget is revised during the year as needed and any changes must be approved by the Board of Directors.

Procedures:

- Procedure A: The Office Manager, Accountant, Program Manager, and Executive Director will work together to ensure that the annual budget is an accurate reflection of programmatic and infrastructure goals for the coming fiscal year.
- Procedure B: The Accountant will ensure that the budget is developed using the Council's standard Revenue Recognition and Expense Allocation procedures in the sections below.

- Procedure C: The Accountant will present a draft budget to the Finance Committee at least 15 days prior to the last Council meeting before the end of the fiscal year for review and approval. The Treasurer shall submit the approved draft budget to the full Board of Directors at least 7 days in advance of its next meeting.
- Procedure D: The budget shall contain revenues and expenses forecasted by funding source.
- Procedure E: The Board of Directors will review and approve the budget at the last meeting prior to the start of the fiscal year. In the event that a budget is not adopted at that time, the Board of Directors may adopt an interim budget for the first quarter and would review the full year budget at its next meeting.

Internal Financial Reports

Policy: The organization prepares regular financial reports three times each year, timed with regularly scheduled Council meetings. All reports are finalized no later than 7 days prior to each regularly scheduled Council meeting.

Procedures:

- Procedure A: The Accountant is responsible for producing the following year-to-date reports within 7 days prior to each regularly scheduled Council meeting: Balance Sheet, Accounts Payable, Accounts Receivable, and updated Cash Flow Projection.
- Procedure B: The Accountant prepares a Budget v. Actual report by March 1st of each year so that staff may consider, and prepare if necessary, a budget amendment.
- Procedure C: The Finance Committee reviews financial reports prior to each regularly scheduled Council meeting and presents reports to the full Board of Directors at each meeting.
- Procedure D: On an annual basis, the Accountant prepares a brief narrative report, in coordination with the Executive Director, which summarizes the Council's current financial position and includes explanations for budget variance.

Audit

Policy: Audits are performed: i) when required by federal funding expenditure thresholds (OMB A-133); ii) when required by a grantor; and/or iii) as desired ("elective audit") to establish or update a negotiated indirect cost rate agreement with a federal agency. An elective audit may only be performed if sufficient funds exist to allow it.

Procedures:

- Procedure A: Council staff shall solicit bids or quotes from accounting firms qualified to perform the type of audit required by the Council within the required timeframe. The lowest responsible bid/quote shall be accepted.
- Procedure B: The Accountant, with the help of the Office Assistant and/or Office Manager, shall prepare in a timely manner all information required by the accounting firm performing the audit. The Executive Director or designee and Accountant shall be the primary liaisons to the accounting firm during the audit.
- Procedure C: The Finance Committee shall prepare responses to the audit.
- Procedure D: The finished audit and Council response shall be presented to the Board of Directors at its next meeting for approval. A copy will be made available to the public upon request.

Tax Compliance

Exempt Organization Returns

Policy: A tax return shall be prepared annually by a qualified accounting firm that is familiar with the preparation of an IRS Form 990 for non-profit organizations.

Procedures:

- Procedure A: Council has retained a qualified accounting firm with competitive rates. Every five years, or in the case of separation with the current firm, Council staff shall solicit bids or quotes from accounting firms qualified to prepare and submit an IRS Form 990 and CA Form 199 within the required timeframe. Businesses within the Council's geographic boundaries shall be given preference. The lowest responsible bid shall be accepted.
- Procedure B: The Accountant shall prepare in a timely manner all information required by the accounting firm preparing the return. Accountant shall be the liaison to the accounting firm.
- Procedure C: The Accountant will ensure that the accounting firm prepares an extension to file taxes if an extension becomes necessary.
- Procedure D: Once prepared by the accounting firm, the finished returns shall be presented to the Finance Committee as soon as they are available for review. The Treasurer shall sign the finished returns on behalf of the Council.

Quarterly/Annual Payroll and Contractor Reports

Policy: The Accountant prepares the Council's payroll and associated reports within the accounting software.

Procedures:

- Procedure A: For each biweekly payroll, the Accountant prepares paychecks based on each employee's timecard.
- Procedure B: Within two weeks of printing paychecks, the Accountant pays payroll taxes online. The Office Manager ensures the timeliness of payroll tax reports and payments.
- Procedure C: The Accountant prepares employee W2s and contractor 1099-MISCs by January 31 each year. The Office Manager ensures the timeliness of W2s and 1099 forms.

Revenue & Accounts Receivable

Invoice Preparation

Policy: All grants and projects are invoiced at a minimum of each quarter to capture all billable time and expenses and to ensure a regular healthy cash flow for the organization. However, grants and projects that have billable expenses of at least \$2,000 in a month, and may be invoiced monthly per the agreement terms, shall be invoiced each month. All final invoices for each quarter are completed within 30 days of the close of each quarter. All final invoices for a single month are completed by the 30th of the following month.

Procedures:

- Procedure A: The Office Manager gathers relevant expense documentation, prepares all invoices, and submits them to the Executive Director or Program Manager for approval by the 25th of each month or 25th day after the close of each quarter. Invoices may not span more than one Council fiscal year. Invoices are prepared using the Council standard invoice template spreadsheets and processed into the funding source's required payment request form/format. If the funding source does not require a specific format, the Council standard invoice template format is used. Match, other funding sources utilized to complete the same project, is tracked via the Council standard invoice template spreadsheets or database. Council's standard invoice template spreadsheets track all expenses invoiced to the funding source by grant line item and maintain a balance of each line item.
- Procedure B: Following approval, the Office Manager makes two copies of the invoice. One copy is sent to the grantor/client no later than the 30th of the month or 30 days after the close the quarter and one copy is filed in the grant/fee for service folder.
- Procedure C: The Accountant records the invoices submitted in the Accounts Receivable record within 7 days.
- Procedure D: The Office Manager records the invoice as submitted within the Council's database revenue form.
- Procedure E: On a monthly basis, the Accountant reviews an Accounts Receivable Aging report and alerts the Office Manager of invoices more than 60 days overdue.
- Procedure F: The Office Manager determines appropriate collection efforts for long outstanding invoices in coordination with the Program Manager. The Executive Director is also notified of any receivables that are more than 70 days outstanding and/or more than \$5,000.

Revenue Recognition

Policy: All contributions (revenue or income received from individual, foundation, corporate, or government donations with no products or services provided by the Council in direct exchange for the funds.) will be recorded in accordance with GAAP, with specific attention to standards FASB 116 and 117. Contributions are recorded as pledged or received in accordance with FASB 116, and must be credited to the appropriate revenue lines as presented in the annual budget and coded as designated in the organization's Chart of Accounts.

Procedures:

- Procedure A: The Office Manager reviews all contributions in excess of \$5,000 and indicates on the donation letter or copy of the check how the revenue shall be recognized (as earned/contributed, conditional/unconditional and restricted/unrestricted). If there is a question or uncertainty about how to recognize a particular contribution, the Office Manager will ensure that the donor is contacted to clarify the intent of the contribution.
- Procedure B: The Accountant is responsible for posting revenue to the general ledger in accordance with the determination made by the Office Manager. This must be done in a timely manner to facilitate management of Council cash flow and must be completed within five days of the Accountant having received notification of revenue.
- Procedure C: The Office Manager prepares a thank you letter, utilizing the Council's donation thank you letter template, on behalf of the Council for each donation received. The amount of any cash donations is included in the Council letter. For non-cash contributions, the Council letter may describe the items or services donated, but shall not state or estimate a monetary value of

those donated goods or services. If the Council gave the donor a gift – any goods or services in exchange for the donation – then the Council letter shall describe the gift and estimate its fair market value. Once completed, the letter is signed by the President or Executive Director or designee before being sent to the donor.

Income Receipts

Policy: The Council accepts payments in all forms including via check, electronic funds transfer (EFT), and cash currency. Payments are received by staff other than the Accountant and processed per the procedures below.

Procedures:

- Procedure A: Mail is to be opened by the Office Assistant, Office Manager, Program Manager, or Executive Director. These employees may prepare payments to the Council for deposit and are referred to as deposit preparers.
- Procedure B : Deposits are prepared by deposit preparers according to payment type as follows:
 - i. Checks that are anticipated based on an invoice prepared by the Council from a grantor/client:
 - (A). The back of the check is endorsed with the Council's deposit stamp. No signature is required.
 - (B). Then the check is photocopied along with any stubs or supporting documentation. A minimum of 2 copies are made: one for the Accounts Receivable record and another for the grant/funding source financial binder. If the check includes payment for more than one grant or funding source, additional copies are made of the check and supporting documentation and filed in the additional grant/funding source binders.
 - (C). A deposit slip, with the Council account number filled in, is prepared and placed with the check into an envelope and stored in the cashbox to await deposit.
 - (D). The deposit preparer notifies authorized depositors.
 - ii. Cash: The Council's "Cash Income Form", found on the last page of this policy, must be completed and signed by the first Council employee to receive the funds, excepting that the Accountant is not permitted to accept cash for the Council. The form documents the source of the monies along with any project or purpose for which the funds are intended, date received, and other information. A second Council employee counts the money to verify the total, reviews the Cash Income Form for accuracy, signs the form, prepares a stamped deposit slip, stores the deposit in the cashbox, and notifies an authorized depositor.
 - iii. Checks that are not anticipated (not requested by an invoice or automatically due based on the terms of an income agreement) follow the same process outlined above for a cash deposit. These checks are typically received from individuals or groups wanting to make an impromptu donation to the Council or for payment to participate in a Council fundraiser.
- Procedure C: The Office Manager updates the invoice record within the Council financial database revenue form to indicate that payment was received with a date and amount actually paid. If an amount different than what was due is paid, the Office Manager will work with the grant/fund source manager to resolve the discrepancy.

Deposits

Policy: Deposit preparers notify authorized depositors of checks and cash that are awaiting deposit. Only Board members, the Executive Director, Program Manager may take deposits to the bank provided the person did not prepare the deposit. These authorized persons are referred to as depositors. If authorized depositors are not available to make timely deposits, they may designate other staff - other than the Accountant - to make deposits. Deposits are taken to the bank and deposited into the Council checking account as soon as is practical. Deposits of more than \$3,000 shall be made immediately on the same day, or if received after hours, on the next business day.

Procedures:

- Procedure A: They take the prepared deposit to the bank and make sure to receive a deposit receipt. The receipt is given to the Accountant so that (s)he may record the income in the accounting system per the Revenue Recognition procedures above.
- Procedure B: Electronic Funds Transfer (EFT): The Accountant prints out two copies of the confirmation of deposit and files one with the Accounts Receivable record and gives the other copy to the Office Manager. Office Manager files the confirmed payment printout with the corresponding invoice in the grant/funding source binder. If the deposit includes payment for more than one grant or funding source, additional copies are made of the deposit confirmation and filed in the additional grant/funding source binders.

Expense & Accounts Payable

Payroll

Policy: Council prepares paychecks every two weeks. A pay period is a two week period from Sunday through the second Saturday following. There are 26 pay periods per year. Pay period hours will be reported on a time sheet and submitted to the Office Manager. Paydays will be on alternating Fridays. A pay day schedule and associated timecard deadlines will be published for all employees at least 15 days prior to the beginning of each calendar year and may be obtained from the Office Manager.

Time Sheet Preparation & Approval

Policy: All employees, exempt and non-exempt, are required to record specific times worked each day, total hours worked per day, holidays, and personal leave and/or sick leave taken. In addition, all employees are also required to allocate their time spent each day on individual projects and billable sources as well as time spent that will come from administrative or indirect funds.

Procedures:

- Procedure A: Employees complete time sheets and submit them to their supervisors on the due date, based on the schedule produced at the beginning of the year, as outlined in the Council's "Personnel Policy & Employee Handbook" section "VIII. Time and Attendance Records".
- Procedure B: Supervisors review, correct if necessary, and sign timesheets before submitting them to the Office Manager.

- Procedure C: The Accountant is responsible for entering time sheet information into the accounting systems as needed. All paid time off balances are maintained according to dollars within a separate leave tracking spreadsheet, based on the information provided on approved timesheets and rates of pay for each period. Paid time off is accrued as described in the Council's "Personnel Policy & Employee Handbook" section "XIII. Benefits" subsections "B. Paid Leave" and "C. Sick Leave".

Payroll Additions, Deletions, and Changes

Policy: Any changes to payroll must be authorized by the Executive Director, Office Manager, or designee and documented in a Personnel Action Form (PAF). All PAFs are signed by the employee, his/her supervisor, and the Council President or designee.

Procedures:

- Procedure A: New employees are added the payroll system via a PAF upon completion of all necessary paperwork as outlined in the Council's "Personnel Policy & Employee Handbook" section "IV. Employment Terms and Conditions".
- Procedure B: An employee separates from the Council via a PAF as outlined in the Council's "Personnel Policy & Employee Handbook" section "XV. Employment and Resignation of Employees" or "XX. Termination of Employee Services".
- Procedure C: Changes to the status of an employee are documented via a PAF.

Payroll Preparation & Approval

Policy: After approved time records are received, the Accountant generates a paycheck for each employee.

Procedures:

- Procedure A: The same procedures are used as described below under "Payment Disbursements".

Pay Upon Termination

Policy: Accountant generates a final paycheck for employees separating from the Council upon separation.

Procedures:

- Procedure A: If final time records are submitted, a paycheck is generated accordingly by the Accountant and issued on the first known date of separation. The same check signing procedures are used as described below under "Payment Disbursements".
- Procedure B: If no final time records are submitted, a paycheck based on the unpaid remaining days of work and typical work schedule is generated by the Accountant on the first known date of separation. The same check signing procedures are used as described below under "Payment Disbursements".

Purchases & Procurement

Policy: The purpose of these standards is to establish procedures for the Council for the procurement of supplies and other expendable property, equipment, real property and other services.

Code of conduct. No employee, officer, or agent shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the Council shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub-agreements except for where the financial interest is not substantial or the gift is an unsolicited item of nominal value. Members of the Council's Board of Directors shall comply with all relevant fiduciary duties, including those governing conflicts of interest, when they vote upon matters related to procurement contracts in which they have a direct or indirect financial or personal interest. Officers, employees, Directors, and agents of the Council shall be subject to disciplinary actions for violations of these standards.

Competition. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The Council 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. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals shall be excluded from competing for such procurements except when a funding source requires consultants or contractors to be identified in a grant or funding proposal. Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the Council, price, quality and other factors considered. Solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the Council. Any and all bids or offers may be rejected when it is in the Council's interest to do so. In all procurement the Council shall avoid practices that are restrictive of competition. These include but are not limited to:

- (a) Placing unreasonable requirements on firms in order for them to qualify to do business,
- (b) Requiring unnecessary experience and excessive bonding,
- (c) Noncompetitive pricing practices between firms or between affiliated companies,
- (d) Noncompetitive awards to consultants that are on retainer contracts,
- (e) Organizational conflicts of interest,
- (f) Specifying only a brand name product instead of allowing an equal product to be offered and describing the performance of other relevant requirements of the procurement, and
- (g) Any arbitrary action in the procurement process.

Terms of Procurement:

(a) All procurement by the Council shall comply, at a minimum, with the requirements of subsections (i), (ii), and (iii) below:

- (i) The Council shall avoid purchasing unnecessary items.
- (ii) Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement while also considering which would be the sustainable in terms of conservation of natural resources and protection of the environment and energy efficiency. Part of the Council's mission is to "conserve natural resources and promote resource based economic development". Some of the Council's funding sources specify requirements to use sustainably sourced products such as paper and other materials with a minimum recycled content. As such, the most economical option does not have to be selected so long as a more sustainable option is not cost prohibitive.
- (iii) Solicitations for goods and services provide for all of the following:
 - (A) A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.
 - (B) Requirements which must be fulfilled, including but not limited to state and/or federal laws, and all other factors to be used in evaluating proposal submitted in response to solicitations.
 - (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) When relevant, the specific features of "brand name or equal" descriptions that are to be included in responses submitted to solicitation.
 - (E) Any equipment, materials, or supplies that have already been acquired by the Council that must be used to complete the work and may not be provided by a contractor or firm. New materials or supplies that the Council will purchase directly to complete the project and may not be provided by a contractor or firm.
 - (F) The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.
 - (G) Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.

(b) Positive efforts shall be made by the Council to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible. The Council shall take all of the following steps to further this goal:

- (i) Ensure that small businesses, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.
 - (ii) Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small businesses, minority-owned firms, and women's business enterprises.
 - (iii) Consider in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority-owned firms, and women's business enterprises.
 - (iv) Encourage, when practical, contracting with consortiums of small businesses, minority-owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually.
 - (v) Use the services and assistance, as appropriate and practical, 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 firms and women's business enterprises.
- (c) The type of procuring instruments used (e.g., fixed price contracts, cost reimbursable contracts, purchase orders, and incentive contracts) shall comply with applicable laws and shall be determined by the Council but shall be appropriate for the particular procurement and for promoting the best interest of the program or project involved. The "cost-plus-a-percentage-of- cost" or "percentage of construction cost" methods of contracting shall not be used.
- (d) Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources.
- (e) Debarment and Suspension: No contract shall be made to parties listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with E.O.s 12549 and 12689, "Debarment and Suspension." Contractors with awards that exceed the small purchase threshold shall provide the required certification regarding its exclusion status and that of its principal employees.

Procedures:

- Procedure A: Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the "Simplified Acquisition Threshold" fixed at 41 U.S.C. 403(11) (currently set at \$100,000) and where procurement by sealed bid is not required. If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources to insure that the selection process is competitive in accordance with these policies.
- Procedure B: Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.

- i The sealed bid method is the preferred method for procuring construction if the following conditions are present:
 - (A). A complete, adequate, and realistic specification or purchase description is available;
 - (B). Two or more responsible bidders are willing and able to compete effectively and for the business; and
 - (C). The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.
- ii If sealed bids are used, the following requirements apply:
 - (A). The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids;
 - (B). The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond;
 - (C). All bids will be publicly opened at the time and place prescribed in the invitation for bids;
 - (D). A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
 - (E). Any or all bids may be rejected if there is a sound documented reason.
- Procedure C: Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids or small purchase procedures. If this method is used, the following requirements apply:
 - i. Requests for proposals will be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical;
 - ii. Proposals will be solicited from an adequate number of qualified sources;
 - iii. The Council shall evaluate responses to its solicitations and select awardees in accordance the procedures outlined in the section below "Procurement Procedures";
 - iv. Awards will be made to the responsible firm whose proposal is most advantageous to the Council with price and other factors considered; and
 - v. The Council may use the competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. A procurement process where price is not to be used as a stated selection factor can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services even though A/E firms are a potential source to perform the proposed effort.
- Procedure D: Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate.

- i. Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies:
 - (A). The item is available only from a single source;
 - (B). The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
 - (C). The funding source authorizes the use of noncompetitive proposals; or
 - (D). After solicitation of a number of sources, competition is determined inadequate.
 - ii. Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits, is required.
 - iii. When using a noncompetitive process the Council normally would be expected to submit the proposed procurement to the relevant funding source for pre-award.
- Procedure E: Cost and price analysis. Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action above \$49,999.99 in value. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability.
- Procedure F: Procurement records. Procurement records and files for purchases in excess of the small purchase threshold as fixed at 41 U.S.C. 403(11) (currently \$25,000) shall include the following at a minimum: (a) basis for contractor selection, (b) justification for lack of competition when competitive bids or offers are not obtained, and (c) basis for award cost or price.
- Procedure G: Contract administration. A system for contract administration shall be maintained to ensure contractor conformance with the terms, conditions and specifications of the contract and to ensure adequate and timely follow up of all purchases. The Council shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions and specifications of the contract.
- Procedure H: Contract provisions. The Council shall include, in addition to provisions to define a sound and complete agreement, the following provisions in all contracts. The following provisions shall also be applied to subcontracts.
 - i. Contracts in excess of the Simplified Acquisition Threshold shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms, and provide for such remedial actions as may be appropriate.
 - ii. All contracts in excess of the Simplified Acquisition Threshold shall contain suitable provisions for termination by the Council, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.
 - iii. For contracts dealing with construction or facility improvements the Council shall comply with all requirements imposed by its funding sources (and the government regulations applicable to those funding sources) with regard to construction bid guarantees, performance bonds, and payment bonds.

- iv. All negotiated contracts (except those for less than the Simplified Acquisition Threshold) awarded by the Council shall include a provision to the effect that the Council shall have access to any books, documents, papers and records of the contractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts and transcriptions.
- v. All contracts, including small purchases, awarded by the Council and their contractors where the source of the funds, directly or indirectly, is the federal government, shall contain the following procurement provisions as applicable.
 - (A). Equal Employment Opportunity - All contracts, when funded in whole or part by monies derived from the Federal government (either directly or indirectly), shall contain a provision requiring compliance with E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
 - (B). Copeland "Anti-Kickback" Act (18 U.S.C. 874 and 40 U.S.C. 276c) - All contracts in excess of \$2000 for construction or repair, when funded in whole or part by monies derived from the Federal government (either directly or indirectly) shall include a provision for compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 874), as supplemented by Department of Labor regulations (29 CFR part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled. The recipient shall report all suspected or reported violations to the Federal awarding agency.
 - (C). Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7) - When required by Federal program legislation, all construction contracts awarded by the recipients and subrecipients of more than \$2000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). Under this Act, contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. The recipient shall place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. The recipient shall report all suspected or reported violations to the Federal awarding agency.
 - (D). Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333) - All contracts in excess of \$2000 for construction contracts and in excess of \$2500 for other contracts that involve the employment of mechanics or laborers, when funded in whole or part by monies derived from the Federal government (either directly or indirectly), shall include a provision for compliance with Sections 102 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor regulations (29 CFR part 5).

- (E). Rights to Inventions Made Under a Contract or Agreement - Contracts or agreements for the performance of experimental, developmental, or research work, when funded in whole or part by monies derived from the Federal government (either directly or indirectly), shall provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.
- (F). Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended - Contracts and subgrants of amounts in excess of \$100,000, when funded in whole or part by monies derived from the Federal government (either directly or indirectly), shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
- (G). Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) - Contracts for an amount above \$100,000, when funded in whole or part by monies derived from the Federal government (either directly or indirectly), shall include a certification by the contracting parties that they have not and will not use Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. and to further require disclosure of any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award.

Independent Contractors

Policy: Council may utilize independent contractors or consultants when staff is not qualified or available to perform work needed to complete a project or important administrative task. The Executive Director or designee and the Office Manager are authorized to establish expenditure agreements for independent contractors or consultants. Expenditure agreements must utilize Council templates for construction work or non-construction work because they contain standard language and requirements for various funding sources and can be easily tailored to ensure the terms, imposed on contractors and consultants, specific to the work requested are accurate and complete.

Procedures:

- Procedure A: Executive Director, Program Manager, or designee may request that the Office Manager prepare a draft expenditure agreement utilizing the Council templates for construction work or consulting work.
- Procedure B: The Office Manager verifies that the proposed consultant or contractor is not on an "Excluded Parties List" for suspended or debarred sub-grantees and contractors, prior to award at <https://www.sam.gov/>.
- Procedure C: Draft expenditure agreements are reviewed by the staff member managing the project or associated funding source to review the accuracy of the scope of work and budget.

The agreement draft shall be made available to the Executive Director or Program Manager for final review.

- Procedure D: The Office Manager shall finalize approved expenditure agreements and route to the contractor or consultant for signature. Office Manager shall request any additional forms, such as a W-9 form and proof of insurance, from contractors and consultants as a condition of executing the agreement.

Invoice Approval & Processing

Policy: All invoices must be first reviewed and approved by the manager of the grant or project for which the expense was incurred. Expense vouchers (EVs) for approved invoices will be prepared and routed through the process outlined below and paid within 45 days of receipt or as stipulated within the expenditure agreement.

Procedures:

- Procedure A: Invoices and bills will be opened and reviewed by the Office Manager. Office Manager or designee will confirm the accuracy of the requested payment total and compliance with the basic terms of any expenditure agreements that govern the expense (such as but not limited to required progress reports or backup documentation). Requirements for all invoices and bills are listed below. The Executive Director or Program Manager will be notified immediately of any unexpected or unauthorized expenses.
 - i. Invoices from consultants, contractors, or vendors must include receipts for all submitted expenses in order to receive payment from Council. Any receipt that does not show what was purchased must be accompanied by an itemized listing of the items purchased. A list does not need to be on the vendor's letterhead, but it must be signed by an employee of the vendor. For example, a hand written list signed by the vendor's employee is acceptable.
 - ii. Employee reimbursements must include original receipts that document purchases in the same manner as receipts required from consultants, contractors, and vendors. Mileage expenses included in any invoice from consultants, contractors, or vendors or in any employee reimbursement must document the number of miles traveled, dates of travel, and origin and destination of travel.

Employees may be reimbursed for pre-approved use of employee owned equipment and materials to complete projects when such use is incidental to a project; provides a specialized function that is not typically available; or results in significant savings in time, cost or labor compared to having to purchase, rent or hire a contractor for a limited need or time demand. For projects where independent contractors have been hired and the use of the Council employee owned equipment falls within the scope of that agreement, the independent contractor must consent to allow the use of that equipment. The Executive Director or Program Manager are authorized to approve such use of employee owned equipment in writing, excepting that the Executive Director nor Program Manager may not approve use of their own equipment. The written authorization shall include 1) a justification for the use of said equipment as compared to renting or purchasing other equipment; 2) the estimated extent and duration of use; and 3) documented evidence that the reimbursement rate to the employee is less than or equal to the lowest reasonable rental or purchase cost for similar equipment. Authorized use of such

equipment shall be reimbursed to the employee at the same rates used by the Council to rent out similar equipment. If no comparable rates exist, the reimbursement rates will be determined in the same manner as are rental rates for Council owned equipment found in the section "Capital Equipment" below. Usage of employee owned equipment must be logged daily by the employee in charge of the project (project lead), unless the project lead owns the subject equipment, and must include the total amount of time the equipment was used. If the equipment is owned by the project lead, another Council employee must document the daily use of said equipment.

Further employee reimbursements must comply with the requirements outlined in the Council's "Personnel Policy & Employee Handbook" sections "XXII. Meal and Travel Expense Reimbursement Guidelines" and "XXIII. Guidelines for Reimbursement of Expenses Other Than Meal and Travel".

- Procedure B: Invoices are then routed to the appropriate project or grant manager for authorization and funding source allocation recommendation. Allocations are determined as described below in "Expense Allocations".
- Procedure C: Office Manager or designee prepares an EV based on the recommended allocation.
- Procedure D: EVs are reviewed and approved for payment by the Executive Director, Program Manager, or designee via an ink signature on the face of the EV, excepting that no employee may sign an EV where (s)he is the claimant.

Payment Disbursements

Policy: The Council issues payments for services and goods requested from consultants, contractors, and vendors based on itemized invoices or for rent paid under an office lease. The Council also issues payment for authorized purchases made by employees via a detailed reimbursement request.

Procedures:

- Procedure A: The Accountant is responsible for entering the expense information from the EV into the accounting system's Accounts Payable as needed.
- Procedure B: The Accountant issues a check based on approved EVs during the timeframe specified in the payment terms of any expenditure agreement that governs the expense and/or the Council's cash flow management strategy.
- Procedure C: Checks printed by the Accountant will be signed by two people: i) two Board members for checks of any amount; or ii) for checks in the amount of \$5,000.00 or less that are consistent with the approved budget, one Board member for the first signature and either the Executive Director or Program Manager for the second signature, provided the employee signatory did not sign the corresponding EV.
- Procedure D: Electronic payments directly from the Council bank account are made when required by the vendor or allowed by the vendor and elected by the Council to save time and expense and/or minimize the impact to the Council's cash flow.
- Procedure E: Copies of all invoices paid will be filed in the Accounts Payable records.

Petty Cash

Policy: Petty cash will be kept in a locked cashbox within a locked cabinet and used primarily to purchase office supplies, postage, and necessary minor expenses. Keys to the cash box and cabinet will be kept in the Office Manager's possession.

Procedures:

- Procedure A: When cash is used, a record must be entered in the cashbox's petty cash spreadsheet. Receipts for all purchases are kept in the cashbox.
- Procedure B: When petty cash is low the Office Manager will submit a check request form in an amount not to exceed \$20.00 and signed by the Executive Director or designee with a print out of the tracking spreadsheet and all receipts attached.
- Procedure C: A check will be cut in the amount to replace petty cash. It is the Office Manager's responsibility to cash the check and keep track of funds in the box.

Line of Credit/Credit Cards

Policy: *This is a placeholder section as the Council does not currently have a line of credit or credit card. The Council has expressed a desire and to pursue a line of credit.*

Procedures:

- Procedure A: *placeholder*

Expense Allocation

Policy: The Office Manager, Program Manager, or Executive Director allocates costs based on available funds and terms of the funding source(s). Direct costs for a project are allocated based on the available funding sources for the project and may include more than one source. Indirect or administrative costs not specific to any one or more project(s) are allocated based on available sources of administrative funds and may include more than one source.

Procedures:

- Procedure A: Prior to authorizing and signing an EV, the Executive Director, Board member, or designee, reviews and approves cost allocation recommended by staff managing a project or by the Office Manager. Allocations are recorded by component project and budget cost categories. Office Manager and/or Accountant reviews funding source available balances to ensure that funds and line items are not over-expended.
- Procedure B: Any changes to a cost allocation must be approved by the person who made the original allocations.

Asset Management

Cash Management and Investments

Policy: *This is a placeholder section as the Council does not have investments.*

Procedures:

- Procedure A: *placeholder*

Capital Equipment

Policy: The Office Manager keeps a list of all property that is insured by the special property insurance policy. All employees must treat all Council property with the utmost care.

Procedures:

- Procedure A: The Office Manager reviews and updates the list annually prior to the start of each policy period. The list includes model numbers, serial numbers, a description of the item, location, acquisition date, funding sources used to obtain the equipment, initial value, where title vests if applicable, condition, and any disposition information.
- Procedure B: A rental rate for each piece of equipment will be determined by the Office Manager based on research of local fair market rates for comparable equipment. If no comparable equipment rates are available from local source, then rates from other regions may be used. Rental rates will be recorded on the master equipment list. If a piece of equipment was purchased with funds that prohibit the rental of said equipment, that will be noted on the equipment list in lieu of a rate.
- Procedure C: The Executive Director or Program Manager approves additions or deletions to the special property list in writing.
- Procedure D: Any equipment worth \$500.00 or more is kept in a secured location. If equipment is needed outside of the office to complete a project, it must be supervised at all times and secured when not actively being used.
- Procedure E: Any equipment required to complete a project outside of the office must be checked out by the staff member utilizing the equipment. Equipment is checked out using the Equipment Tracking spreadsheet maintained by the Office Manager, which tracks the name and identifier of each piece of equipment, location of the equipment being used, project/funding source, condition, and expected time of return. Loss of or any damage sustained to any piece of equipment must be reported and described immediately to the Office Manager.

Employee Retirement Accounts

Policy: The Council maintains an employee Retirement Plan with Retirement Plan Consultants (RPC) and governs it according to ERISA rules. No match is required from eligible employees. Contributions made via profit sharing by the Council constitute the sole cost to the Council. Plan annual maintenance fee are distributed among participating employees via a payroll deduction based on the proportion of each active employee's balance relative to the total balance of all active employees. The Council authorizes the Plan's Trustees, Fiduciary, and the Executive Director to update the Plan to maintain compliance with ERISA rules as needed.

Procedures:

- Procedure A: As employees become eligible to participate in the Council Retirement Plan, they are enrolled via RPC by the Office Manager by adding the new employee to the plan census.
- Procedure B: As employees separate from the Council, they may remain in the Council Retirement Plan as long as they choose but stop receiving Council contributions immediately upon separation.
- Procedure C: The Accountant prepares and submits payments to the Retirement Plan on behalf of the Council for all eligible employees within two weeks of the close of each payroll period. The Plan custodians RPC utilize an electronic payment system.

Operating Reserve

Policy: The target minimum operating reserve fund for the organization is one month of average, essential operating costs. The calculation of average monthly operating costs includes all recurring, predictable essential expenses such as salaries and benefits, office, essential travel, and essential professional services. The Executive Director may approve a lower operating reserve fund with the written concurrence of the Treasurer or, in the absence of the Treasurer, his/her designated Board member.

Procedures:

- Procedure A: The amount of the target operating reserve will be calculated each year after approval of the annual budget, reported to the Finance Committee and Board of Directors. The actual amount of operating reserve will be included in regular financial reports along with the target amount for that year.
- Procedure B: The operating reserve will be funded first with unrestricted operating funds. The Board of Directors may from time to time direct that a specific source of revenue be set aside for operating reserves. Examples may include one-time gifts or bequests, special grants, or special appeals.
- Procedure C: To use the operating reserves, the Executive Director will submit a request to the Finance Committee or the Board of Directors. The request will include the analysis and determination of the use of funds and plans for replenishment. The organization's goal is to replenish the funds used within twelve (12) months to restore the operating reserve fund to the target minimum amount.

Forms containing relevant policy

Council Members Conflict of Interest Policy and Disclosure Form

(two pages)

Council Members Conflict of Interest Policy and Disclosure Form

In their capacity as directors, the members of the Board of Directors (the “Board”) of the Northwest California Resource Conservation and Development Council (“NW CA RC&D”) must act at all times in the best interests of the NW CA RC&D. The purpose of this policy is to help inform the Board about what constitutes a conflict of interest, assist the Board in identifying and disclosing actual and potential conflicts, and help ensure the avoidance of conflicts of interest where necessary. This policy may be enforced against individual Board members as described below.

1. Board members have a fiduciary duty to conduct themselves without conflict to the interests of the NW CA RC&D. In their capacity as Board members, they must subordinate personal, individual business, third-party, and other interests to the welfare and best interests of the NW CA RC&D.
2. A conflict of interest is a transaction or relationship which presents or may present a conflict between a Board member’s obligations to the NW CA RC&D and the Board member’s personal, business or other interests.
3. All conflicts of interest are not necessarily prohibited or harmful to the NW CA RC&D. However, full disclosure of all actual and potential conflicts, and a determination by the disinterested Board (or the NW CA RC&D Executive Board) members – with the interested Board member(s) recused from participating in debates and voting on the matter – are required.
4. All actual and potential conflicts of interests shall be disclosed by Board members to the NW CA RC&D Executive Board through the annual disclosure form and/or whenever a conflict arises. The disinterested members of the NW CA RC&D Executive Board shall make a determination as to whether a conflict exists and what subsequent action is appropriate (if any). The NW CA RC&D Executive Board shall inform the Board of such determination and action. The Board shall retain the

right to modify or reverse such determination and action, and shall retain the ultimate enforcement authority with respect to the interpretation and application of this policy.

5. On an annual basis, all Board members shall be provided with a copy of this policy and required to complete and sign the acknowledgment and disclosure form below. All completed forms shall be provided to and reviewed by the NW CA RC&D Executive Committee, as well as all other conflict information provided by Board members.

I have read the NW CA RC&D Board Conflict of Interest Policy set forth above and agree to comply fully with its terms and conditions at all times during my service as a NW CA RC&D Board member. If at any time following the submission of this form I become aware of any actual or potential conflicts of interest, or if the information provided below becomes inaccurate or incomplete, I will promptly notify the NW CA RC&D President in writing.

Board Member Place of Residence: _____

Primary Source(s) of Income: _____

Disclosure of Actual or Potential Conflicts of Interest:

Board Member
Signature: _____

Board Member Printed
Name: _____
Date: _____

Council Cash Income Form

Cash Income Form

Type of Cash: Currency Check

Project Name: _____ Grant Codes: _____

Northwest CA Resource Conservation & Development Council

Each event and revenue source should be tracked separately. For each revenue event and/or amount, the following information is required:

1. Event Type (if not Market, indicate name): Farmer's Market
 Fundraiser Event: _____
 Raffle: _____
 Other: _____
 2. Date of Event: _____
 3. Describe item or service sold/raffled, etc. If produce from Children's Garden, indicate specific type. _____
 4. Total gross amount received: \$ _____ Write out amount (as you would on a check): _____
 5. Any amount spent for dues or fees: - \$ _____
Describe the due/fee/expenditure: _____

- * Provide receipts supporting any expenditures as an attachment to this form.*
6. Total being submitted to Council for deposit: \$ _____
 7. Person that received cash: Name (printed): _____
Title (role in Council): _____
Signature: _____
 8. Person receiving the money on behalf of the Council. This person is certifying that (s)he has verified the amount being submitted, expenditure receipts, and completion of previous items on this form: Name (printed): _____
Title (role in Council): _____
Signature: _____ Date: _____

Once this form is completed, a deposit slip needs to be created. The revenue and deposit slip is to be placed and secured in the cashbox. The Council Treasurer or other approved deposit handler needs to be notified that the revenue awaits deposit.