

Accounting Policies & Procedures

Basic Policy Statement

The Allen County Drug & Alcohol Consortium, Inc. (DAC) is committed to responsible financial management. The entire organization including the Board of Directors, the Finance Committee, administrators, and staff will work together to make certain that all financial matters of the organization are addressed with care, integrity, and in the best interest of DAC and the citizens it serves. The policy and procedural guidelines contained in this handbook are designed to:

- Protect the assets of DAC
- Ensure the maintenance of accurate records of DAC's financial activities.
- Provide a framework of operating standards and behavioral expectations; and,
- Ensure compliance with federal, state, and local legal and reporting requirements.

The Executive Director of DAC has the responsibility for administering these policies and ensuring compliance with those that have been approved by the Finance Committee and/or the Board of Directors.

Line of Authority

Board of Directors

Has the authority to execute any policies it deems to be in the best interest of the organization within the parameters of the organization's articles of incorporation, bylaws, or federal, state, or local law.

Executive Committee of the Board of Directors

Has and may exercise, when the board of directors is not in session, all of the powers of the board of directors in the management of the organization except the authority to amend the bylaws; adopt a plan of merger or consolidation; sell, lease, exchange, mortgage, pledge or make any other disposition of all or substantially all of the property or assets of the organization.

Treasurer/Vice President of Finance and Finance Committee

Have authority to choose an auditor, perform regular, in-depth reviews of the organization's financial activity and oversee the development of the annual budget.

Executive Director

Has the authority to make spending decisions within the parameters of the approved budget; employ and terminate personnel; determine salary levels; create and amend operating procedures and controls; make decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority; enter into contractual agreements within board of directors designated parameters.

Director of Operations

Has the authority to make spending decisions within the parameters of the approved program budget subject to the approval of the executive director or member of the executive committee.

Indemnity Policy

To the full extent that it shall have from time to time under applicable law and in the manner from time to time prescribed or permitted by applicable law, DAC may indemnify any past, present or future Director, officer, employee and agent of DAC against all costs, expenses, and liabilities, including attorney's fees, actually and necessarily incurred by or imposed upon them in connection with or resulting from their involvement with DAC.

No such reimbursement or indemnity shall relate to any expense incurred or settlement made in connection with any matter arising out of their negligence or misconduct as determined either by a court of competent jurisdiction or, in the absence of such a determination, by DAC acting on the advice of counsel.

DAC shall purchase and maintain insurance on behalf of any person who is or was serving at the request of DAC, as a Director, Officer, Employee, Agent, Staff Volunteer or other enterprise, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such.

Financial Controls and Operating Procedures

Operating Procedures

The agency has hired an independent certified public accounting firm to function as accountant with primary responsibility for designing and maintaining the accounting system. Internal bookkeeping support may be provided by the Director of Operations or other staff as designated. Monthly reports shall be made to the Executive Director covering, at a minimum, receipts, disbursement and bank reconciliations.

The Executive Director will be required to include budget comparisons in periodic reports to the Treasurer and the Finance Committee. The Executive Director is responsible to review and approve all expenditures submitted for payment and all revenues. The Director of Operations will review all approved expenditures, correlate the payments released from the independent accounting firm in bill.com and ensure those match the record in QuickBooks Online. Journal entries are accounted for monthly by the independent accounting firm. The Finance Committee or Executive Committee will be required to provide semi-annual budget reviews and annual reviews for the adequacy of insurance coverage.

Separation of Duties

To ensure adequate separation of duties, DAC will

- use an independent accounting firm who will release checks or ACH transfers for payment as authorized by the Executive Director and/or other authorized officials as detailed above.
- Bank statements are reconciled by someone other than the check signer(s).

- Deposit documentation and reconciliations are prepared by a person other than the one recording the receipts and are reviewed monthly the Executive Director or Director of Operations and initials and date are added to confirm review.

Financial Reporting

- Annual reports are prepared by the Executive Director and approved by the Board
- Budgets are reviewed mid-year (June) and are adjusted as necessary to reflect changing conditions.
- Chart of Accounts is available and used to code receipts and disbursements to the proper accounts. (All costs are charged direct.)
- Non-standard journal entries are discussed with the contracted accountant to ensure proper accounting treatment.
- Monthly Financial reports are provided to the Executive Committee and Treasurer within 30 days of the close of the period.
- Audits will be conducted performed in accordance with 45 CFR §75.501 for fiscal years (FY) with expenditures under federal awards of \$750,000 or more and reports on these audits will be submitted to the Federal Audit Clearinghouse within the earlier of 30 days after receipt or nine months after the fiscal year's end.
- Audits will be conducted by an independent CPA firm at the close of each fiscal year when the amounts of funding or conditions require compliance by federal and state guidelines.
- Copies of audit reports will be made available to the public.
- The Fiscal reporting year for the organization is January 1 to December 31.
- Audit reports and Standard Form SACs to the FAC will be submitted electronically to the following address: <http://harvester.census.gov/fac/collect/ddeindex.html>

Allowability of Costs

- DAC will ensure costs under a federal award will be reasonable, allocable, and adequately documented;
 - A cost is reasonable if it does not exceed what a prudent person would incur under similar circumstances;
 - A cost is allocable to a Federal award to the extent the goods or services benefited the program; and
 - A cost is adequately documented if it is supported by accounting records and source documentation such as purchase orders, vouchers, invoices, payroll allocation reports, payroll summaries, timesheets, etc.

Accounting Systems

- DAC will use QuickBooks Online as the system of accounting for all programs and projects. This system explicitly differentiates between revenue and expenditures for all programs and projects.

- DAC will use the bill.com system for processing of payables and storage of invoices, payments, and receipts.

Safeguarding Assets

- The Executive Director shall have primary responsibility for ensuring the proper financial management procedures are maintained and that the policies of the Board of Directors are carried out.
- The Executive and/or Finance Committee shall provide fiscal oversight in the safeguarding of the assets of the organization and shall have primary responsibilities for ensuring that all internal and external financial reports fairly represent its financial condition.
- A proper filing system will be maintained for all financial records.
- Actual income and expenditures will be compared to the budget on at least a quarterly basis and significant variances between actual and budgeted expenditures are resolved to ensure total costs do not exceed the amounts budgeted for the grant period.
- Appropriate insurance for all assets will be maintained.

Property Control

- Property records will be maintained on an asset inventory sheet for items valued over \$5,000. This documentation is maintained by the independent accounting firm and includes a description, cost, purchase date, source of funding, location, and condition of each property item.
- Periodic physical inventories will be taken and reconciled with the property records no less frequently than every other year; typically done annually with the completion of the 990.
- Property purchased with Government funds are to be tagged and kept in the DAC office to prevent loss or theft.

Computer Controls

- The independent certified public accounting firm is responsible for generating financial reports; overall DAC Income and Expense, bank reconciliations, and individual program reports.
- The independent certified public accounting firm shall maintain the financial files of DAC on a secure system with password controls.

Payroll Controls

- Employees of DAC paid through federal or state awards must maintain a functional time sheet that establishes the actual time worked and be supported by timesheets that separately report the time worked on different projects, etc.
- Timesheets be certified as accurate by either the employee or a supervisor familiar with the employee's activities.

- Personnel records are to be maintained at organization's site for all employees. Changes in payroll data (i.e. pay changes, etc.) are approved by the Executive Director before files are updated.
- The independent accounting firm shall process the payroll, which is directly deposited into the employee's designated account.
- The tax deposit checks are sent directly to the Executive Director, who is responsible for comparing the checks to the payroll register. Any payments issued for more than \$1000 or issued to the Executive Director are then sent to the President, Vice-President, or Treasurer for the required signatures.

Cash Management: Federal Drawdowns

- Drawdowns of Federal Grant Funds will:
 - Be limited to the minimum amounts needed to cover allowable project costs,
 - Be timed in accordance with the actual immediate cash requirements of carrying out the approved projects,
 - Not be made to cover future expenditures, and
 - Be used for allowable project costs within 48 hours of making the drawdown.

Receipt Management

- Only original receipts are acceptable for payment or reimbursement.
- A copy is made of all receipts; one for the deposit file documentation and one for the electronic source file documentation.
- All checks are stamped or written with "Deposit Only" immediately upon receipt.
- The Executive Director is responsible for preparing the documentation for deposits and the independent certified public accounting firm will be responsible for recording deposits in the accounting software.
- A copy of the deposit slip is compared and attached to the corresponding receipt copies and cash listing.

Disbursements

- The Executive Director has (a) Expenditure approval up to the parameters set by the annual operating budgets as approved by the Executive Committee, and (b) single signature authority up to \$1,000 apart from checks issued to the Executive Director. In this case, the disbursement must be approved by two of the following: the President, Vice-President and/or Treasurer.
- Expenditure requests will be initiated in the bill.com system and approved within specified authority by the Executive Director.
- Expenditure Requests must be reasonable and only for the purposes in line with the funding source. Documentation of multiple quotes will be required on expenditures over \$5,000.
- DAC does not utilize check stock; therefore, no policy is necessary to safeguard blank checks.

- The Executive Director approves check requests after comparing to supporting documentation. The independent public certified accounting firm releases bill.com to print checks or issue ACH transfers only with approved requests.
- Two electronic signatures, in addition to the Executive Director, are required on all organizational checks of \$1,000 or more and on any checks issued directly to the Executive Director regardless of the amount.
- All disbursements, except petty cash, are made by check or ACH transfer and accompanied by substantiating documentation in bill.com.
- A petty cash account is used. The amount of the petty cash is up to \$200.00.
- Receipts or a petty cash journal entry are required for all petty cash disbursements over \$25. The petty cash fund is reconciled (beginning amount less voucher amounts) before the fund is replenished.
- The Executive Director and the President, Vice President, or Treasurer, for a total of three electronic signatures are required on all checks over approved limits. If the Executive Director is absent, two Executive Committee members' signatures are sufficient.

Program Income

Program income relating to projects financed with Federal funds must limit the use to one or more of the following:

- Furthering the eligible project or program objectives;
- Financing the non-Federal share of the project or program objectives; and
- Deducting it from the total Federal share of project or program allowable costs.

Match & Cost Sharing

Match and/or Cost Share contributions (including cash and third party in-kind) must be:

- Verifiable from the recipient's records;
- Not included as contributions for any other federally assisted project or program;
- Necessary and reasonable for proper and efficient accomplishment of the project or program objectives;
- Not paid by the Federal Government under another award (except where authorized by Federal statute to be used for cost sharing or matching); and
- Allowable and provided for in the approved budget.

Credit Card

- The Executive Director of DAC shall have sole control, possession and responsibility for a business/company credit card.
- All Expenditures, with the exception of incidental travel expenses, shall be pre-approved by the Executive Director on an internal form called a "Green Sheet". This form is a request for approval of purchases, used to code expenditures to the proper accounts, signed by the Executive Director.

- Credit Card expenditures for Incidental and travel expenses must stay within the guidelines established by the Federal government for travel.
- No personal purchases may be made with the DAC Card.
- Receipts must be submitted monthly to the Director of Operations for review and comparison with the credit card statement.

Travel Expenses

- All travel must be pre-approved, other than local mileage, by the either the Executive Director or the President of the DAC Board.
- Travel expenses must be reasonable and necessary. Airfare should be Economy Class and Car rentals will be mid-sized or smaller, unless otherwise justified.
- Mileage, meals, incidentals and lodging charged to Federal programs must all be within the limitations established in the Federal Travel Regulations publication.
- Travel expenses for employees other than the Executive Director will be documented and submitted on a DAC Green Sheet with receipts as proof of expenditure, signed by the Executive Director for reimbursement through the bill.com system. Travel expenses exceeding \$1,000 or expenses for the Executive Director will be approved by two of the following authorized approvers: President, Vice President, or Treasurer.
 - See [DISBURSEMENTS](#) for more information

Conflicts of Interest

(Also see The Employee Handbook and Code of Ethics)

To protect and enhance our reputation, the Company requires its employees, officers and agents to fully comply with all applicable laws and regulations and to refrain from any appearance of having engaged in any illegal, dishonest, or unethical conduct. The Company further requires that all employees, officers and agents be guided by the highest standard of conduct in their business contacts and relationships. The following examples are considered to involve a conflict of interest that violates this policy:

1. Serving as an employee, officer, director, or consultant for any customer, client, competitor, or supplier of materials or services.
2. Holding any financial interest by an employee or an immediate family member (including father, mother, brother, sister, son, daughter, husband, or wife) in the business of any customer, client, competitor or supplier of materials or services. This does not include a financial interest in widely held corporations that are quoted and sold on the open market, unless the amount held is in excess of 10 percent of the outstanding stock of that corporation or the stock held has a value representing more than 10 percent of the individual's personal net worth.
3. Borrowing money from or lending money to any customer, client, competitor, or supplier of materials or services other than recognized financial institutions (e.g., banks, credit unions, etc.).

4. Accepting gifts, entertainment, or anything of value from any customer, client, competitor, or supplier of materials or services other than minor holiday gifts of a nominal nature.

It is important to avoid not only any situation that is an obvious conflict of interest such as those listed above, but also any situation that might give the appearance of being a conflict of interest. If conflict of interest is existing upon hire or arises after hire, it is the responsibility of the employee to provide a DAC responsible organizational official written documentation explaining outside activities, relationships, or financial interests that could be a conflict of interest. If a situation arises in which it is difficult to determine the proper course of action, the matter will be addressed by the DAC Executive Committee of the Board of Directors.

Compliance with the expected level of business ethics and conduct is the responsibility of every DAC employee, officer and agent. Disregarding or failing to comply with this standard could lead to disciplinary action, termination of duties and possible termination of employment for employees.

Consultants and Contractors

(Also see Contract Employee Policy)

DAC, Inc. is committed to providing effective services, whether provided by traditional employees or contracted employees. To meet this objective, as well as our obligations under applicable federal and state laws, we follow the guidelines outlined below for contracted services.

Prior to selecting a new consultant or contractor, DAC will check the GSA Excluded Parties List System at <https://www.sam.gov/> and the HHS OIG list of Excluded Individuals/Entities at <http://exclusions.oig.hhs.gov/> be checked to ensure the individual or entity is not prohibited from receiving Federal funds.

This policy is intended to ensure objective contractor performance and eliminate unfair competitive advantage. The following shall be excluded from competing for such procurements: contractors that develop or draft grant applications, contract specifications, requirements, statements of work, invitations for bids and/or requests for proposals.

Automatic or Recurring Payments

This section outlines the process for submitting documentation for recurring charges or online payments for administrative needs, such as healthcare or credit card payments.

- Humana- auto debit – 1st of the month, statement gen 14th of the month
- Aflac – auto withdraw 24th of the month, statement gen 23rd of the month
- PHP – not automatic as coding changed with staff changes
- PNC CC – Last day of the Month pays last billed amt in full
- NIPSCO - Budget \$97, withdraws 6th of the month
- AEP – autopayment on the 24th of the month



Reservation of Rights

The Company reserves the right to interpret, modify, or expand upon this policy in whole or in part, with or without notice. Nothing in this policy alters an employee's at-will status.

Policy Approval

Board President

Board Vice President

Date Signed

Date Signed

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