NORTHWEST MICHIGAN COMMUNITY ACTION AGENCY, INC.

FINANCIAL POLICIES AND PROCEDURES

Northwest Michigan Community Action Agency, Inc. operates under generally accepted accounting principles utilizing the double entry accrual method. Duties and responsibilities are, where possible, separated to insure that no employee has sole control of: cash receipts, disbursements, payroll, bank reconciliations, or any other facet of the accounting process.

GENERAL POLICY:

1. The Board of Directors formulates financial policies, delegate administration of these policies to the administrative staff, and review operations and activities monthly.

2. The Executive Director is responsible for all operations and activities, including financial management, and reports directly to the Board of Directors.

3. The Controller is responsible to the Executive Director for all financial operations.

4. Financial duties and responsibilities are segregated between accounting department employees. Accounting staff are cross-trained to substitute for each other when necessary.

5. Employees are required to take annual leave as stated in the letter of employment.

6. Current job descriptions will be kept on file with personnel records.

7. Bank and financial records will be maintained as required by individual funding sources.

GRANTS MANAGEMENT:

1. Grant/contract proposals shall be approved by the Board of Directors. No proposal will be submitted to the Board without the recommendation of the Executive Director. The Executive Director is responsible for the final review of the grant/contract proposal before Board of Directors consideration.

2. A copy of all grant/contract awards will be kept on file in the Business Office. Said copy will contain budgetary information and signatures. Once fully executed a fund account shall be created, budget input completed and a reporting and/or draw schedule developed.

3. Management of the grant program shall be the responsibility of the Program Director. All awarded grants/contracts will be thoroughly reviewed by the appropriate Program Director, or designee, for accuracy, terms, and programmatic and budgetary requirements.

4. Financial management is the shared responsibility of the Program Director, or designee, and the Executive Director in
conjunction with the Controller. The department management staff coordinates with the Business Office to establish/finalize internal line-item budget monitoring and external reporting/invoicing responsibilities.

5. The Program Director and staff will establish/implement the services tracking system for all funder required programmatic reporting. The grant/contract will be added to the monthly Board of Directors report. The Business Office will forward for each grant/contract a monthly profit and loss statement to the designated department management for monitoring of financial activity, budget comparison, and Board of Directors reporting. Each Program Director or assigned management staff is responsible for monitoring all budgets, service progress, and outcomes of all grants/contracts within their department on a monthly basis.

6. Write offs and non-cash credits to grants receivable are approved by the Executive Director.

7. Incentive pay and/or retention pay budgeted by Program Directors must be preapproved by the Executive Director regarding the appropriateness of the expenditure, the reasonableness of the amount budgeted, and the allocation method used to distribute the incentive pay to staff members. Head Start staff working in fiscal periods without a COLA award or a comparative substandard COLA award may be approved for an increase (one time) by the Executive Director if budget latitude allows.

8. Expenditures to grants to assist with the improvement of working conditions and to enhance stronger employer-employee relations are as follows: a contract with Catholic Human Service to facilitate an Employee Assistance Program; a wellness program; a remembrance donation to an employee selected organization in the name of a deceased immediate family member of the employee; and flowers or a small value gift to a hospitalized employee.

9. At present, due to the dynamics of a single agency cash account, interagency loans between funding sources are not necessary. Should current practices be modified and loans between funds become necessary, the Board of Directors shall be informed of any fund source authorized loans between funds and also be provided periodic reports displaying the current status of such loans.

CASH RECEIPTS:

Agency revenues are primarily derived from grant awards, in-kind donations, and, in some programs, project income. Grant revenues are received by check or electronic transfer from various funding sources, while in-kind revenues are usually non-cash donations of time, service, space, etc...

Project Income is usually associated with the Senior Nutrition Program and is derived from monies donated by senior citizens for meals received.

Due to the number of meal sites, distances and rural locations involved, the Senior Nutrition Program has set policies to safe guard
not only the monies collected, but the volunteers working at the sites. The terms of the NMCAA Senior Nutrition Program Project Income Policy and Project Income Records follow:

NORTHWEST MICHIGAN COMMUNITY ACTION AGENCY
SENIOR NUTRITION PROGRAM PROJECT INCOME POLICY

The suggested donation is $3.00 per meal for Luncheon Center participants 60 years of age or older and their spouses. The suggested donation for eligible participants of the Meals on Wheels Program is $3.00 per hot or frozen meals and $3.00 for cold evening meals. This is not a charge. Individual participants should NEVER be reminded to pay. Reminders regarding the suggested donation and/or a review of the Project Income Policy may be made periodically to the entire group.

1. The suggested donation for documented program-eligible volunteers is also $3.00 per meal.

2. It is up to each individual caterer to develop a policy for staff meals. Provisions for staff meals will be written into nutrition contracts if the Nutrition Program is asked to reimburse for staff meals.

3. The suggested donation is the same for everyone--including volunteers.

4. The Congregate Guest fee is $5.00. The Private Pay rate for the Meals on Wheels Program is $6.50 per meal plus tax. (Meals on Wheels Recipients who began as private pay clients before the increase are “Grandfathered” at the previous rate). The suggested donation for Traverse City Senior Center is $3.50 for eligible seniors.

5. Donations are counted daily by two individuals. Regulations require two individuals count project income at the same time.

6. Donations are to be secured in a manner that would protect the individual in charge of the project income, and the project income itself.

   A. Daily deposits of project income will be made. Project income could be held in either a savings or a checking account until forwarded to the office.
   B. If a daily bank deposit is not feasible, please ensure other safety measures are in use. To insure the safety of program participants, whenever possible project income will be secured at the Luncheon Center and not at home.

7. For all donations submitted in cash:

   A. Donations will be counted daily by two unrelated individuals at the same time and entered on a revised Project Income Record form (see attached).
   B. Daily donation envelopes will be provided. All of the following information is filled in on each preprinted donation envelope.

      1. Luncheon Center Name
      2. Date
3. Initials of the two people who counted the money that day.
4. Date picked up
C. Seal the envelope immediately.
D. Once sealed envelopes are not to be reopened!
   If it becomes necessary to have some money available to make change for the
   next day, the Senior Nutrition Program will make arrangements to maintain
   $20.00 for your Luncheon Center for that purpose.
E. If the occasion should arise when there are no donations on a particular day, a
   Project Income record sheet should be filled out indicating no donations were
   received. As with a cash deposit, this record would need to be signed by two
   individuals and placed in an individual envelope.
F. The person picking up the sealed envelope for transport, or placing them in a
   transport container, will need to sign a log—to be maintained at the Luncheon
   Center—indicating the transfer of cash. The log will indicate the date, amount,
   and signature of the person picking up or transferring the envelope.
G. Logs will be maintained in each kitchen and/or office indicating receipt of sealed
   envelopes. The log will indicate the date on each envelope, the luncheon center,
   the amount indicated on the envelope, and the person receiving the envelopes.
H. Senior Nutrition staff opening donation envelopes and preparing deposits will
   record each envelope separately. Upon opening the envelope and counting the
   cash, all discrepancies will be noted. If there is a discrepancy of more than $5.00
   written notification (see attached) will automatically be sent to the Luncheon
   Center. Records of the written notification will be maintained with the Project
   Income Records.
I. All deposit records submitted to the business office will be signed by the Senior
   Nutrition staff person making the deposit.

8. Envelopes, receipt books, logs, and project income record forms are available from the
   Senior Nutrition Office. Nutrition sites are requested to inform the office when they are
   running short of supplies.

9. NO STAFF MEMBER OR VOLUNTEER MAY PURCHASE SUPPLIES (such as
   bleach or garbage bags) AND DEDUCT FUNDS FROM PROJECT INCOME. Small
   supplies may be obtained in the following manner.
   A. Some items requested by luncheon centers will be sent directly by the meal
      preparer.
   B. Supplies may be ordered by phoning Senior Nutrition staff. Leelanau and Grand
      Traverse Counties 231-947-3780, Manistee 231-723-6461, Wexford 231-775-
      9781, all area 1-800-632-7334.
   C. Staff and volunteers may also purchase supplies and mail documentation (sales
      receipts) along with name and address to: Senior Nutrition Program , NMCAA,
      3963 Three Mile
      Road, Traverse City, MI 49686.

CASH RECEIPTS CONTINUED:

    Checks are generally received two ways: mail delivery or senior
    nutrition program staff physical delivery from meal sites.
1. Checks received by mail are recorded on the Check Log maintained by the Receptionist who is responsible for receiving the mail. Date, issuer of the check, and amount is recorded in the log. The Receptionist restrictively endorses the checks.

2. Business Office staff, usually the Payroll Clerk, initials the Check Log and secures the checks in Business Office fireproof file cabinet until the deposit is prepared.

3. The Check Log is transferred at the end of each month to the Business Office. A reconciliation is completed by the Filing/AP Clerk tracing each check to the posted deposit. The Check log is initialed by the Accounting Coordinator when completed.

4. The Payroll Clerk, primary, or Accounting Coordinator, secondary, will code payments to the proper fund, activity, general ledger and location codes on a deposit summary that is initialed by the preparer once completed.

5. A deposit slip along with a listing of each check and currency is prepared and signed. The bank deposit slip total must match the deposit summary total.

6. A signed copy of the signed bank deposit slip and listing of the deposit components is archived in a binder kept by the Payroll Clerk.

7. All documentation for cash receipts, i.e., copies of checks, letters, voucher stubs, etc., will be attached to the deposit summary and filed by month of receipt.

8. The deposit is delivered to Fifth Third Bank by the Controller or other designated staff member.

9. Minimal amounts of cash or checks are allowed on site before a deposit is prepared. Normally two or three deposits are delivered to the bank weekly.

10. The deposit summary is reviewed for coding accuracy and attached documentation by the Controller. After approval by signature by the Controller, the deposit number and amount is recorded on an Excel cash flow spreadsheet by the Controller. The cash flow spreadsheet is reconciled to MIP cash balances monthly.

11. Designated Business Office staff, usually the Filing/AP Clerk or Accounting Coordinator, will enter the deposit summary to the MIP general ledger. The coding is a debit to cash and a credit to the proper account code.

12. An un-posted general ledger transaction report is printed and compared to the deposit summary for verification of key entry by a Business Office staff member other than the staff member who keyed the deposit(s). The report is initialed and archived.

13. The Controller posts all deposits to the general ledger.

14. The Agency carries a general liability insurance policy of
which crime insurance is a part. The Agency is insured a
level of protection from any employee's willful, unlawful
acts regarding the processing, custody, and disbursement of
assets.

Electronic transfer of cash can occur by three different methods:

1. A predetermined amount calculated by the funding source. Grantor initiates the transaction.

2. Transfer of funds after funding source receipt and approval of usually after the fact expenditure reports prepared by the grantee on the grantor's designated form. Grantor initiates the transaction.

3. Grantee request of funds via the funding source's web site. Funding source guidelines are adhered to regarding the allowed amount of funds drawn and the time frame the in which the funds must be used (paid out). Actual expenses only are used in the draw down of funds with any accruals being eliminated.

4. The Controller prepares deposit summaries generated from ACH transactions by retrieving documentation from fund source web sites or Fifth Third Bank's on line banking web site. Donations made to NMCAA programs by credit card remittance are recorded from information provided by Fifth Third Bank's on line banking web site.

5. The recording and posting of electronic deposits follows the same procedures used in the physical handling of cash and checks.

Senior Nutrition Congregate and Home Delivered Meal programs collect numerous small donations and the collection of these payments varies from the procedures previously listed.

1. Numerous small checks are mailed to the Senior Nutrition office at Traverse City. These checks are routed directly to Senior Nutrition and are not logged by the Receptionist.

2. The Volunteer Coordinator opens the mailed payments and stamps the checks for deposit only to the NMCAA commercial account number.

3. The Administrative Coordinator receives the stamped checks to record on a contributors list for internal recording purposes and to prepare summary documentation by fund, activity, general ledger, and location code for the deposit generated by the Business Office.

4. The Senior Nutrition Manager may substitute for the Administrative Coordinator as well as have primary responsibility to prepare deposit documentation for Manistee County activity, fundraising, and payments for billings concerning catering and county grants.

5. Cash and checks collected at the Congregate meal location in Manistee are deposited in a PNC Bank account. Other Congregate locations are collected at the Cadillac satellite
office with the deposits prepared by the MOW Coordinator. Deposit detail/coding is emailed by the MOW Coordinator to the Senior Nutrition Manager and Controller for review and to the Payroll Clerk to attach to the deposit summary form which is approved by the Controller before input. Several other Congregate locations use volunteer drivers to deliver the contribution envelopes to the Traverse City office.

6. Once at the Traverse City office the Administrative Coordinator or Program Manager verify the amounts received to the total recorded at the Congregate meal location. Deposit documentation is then prepared to forward to the Business Office.

6. The Senior Nutrition compiled checks, cash, and summary documents are delivered to the Business Office for deposit. The Payroll Clerk or Accounting Coordinator verify the summary amounts recorded by Senior Nutrition and complete the deposit.

ACCOUNTS PAYABLE:

All invoices, statements, purchase orders or contracts for legal debt are ultimately forwarded to the Program Director or designated person for approval.

1. Invoice processing may start at the department level or the Business Office. The segregation of invoice processing responsibilities determines who begins the process. For example, rents, utilities, and building maintenance monthly payment processing begins with the Business Office staff while child medical/dental and mental health contract service invoices start in the Child Development department.

2. Each invoice is reviewed to determine it is reasonable, allowable and allocable to the relevant program. The responsibilities for these designations rest with the program directors who approve the invoices for payment.

3. Once the information listed in 2 above is determined, the invoice is identified by program and line item, coded with the proper numeric code, and a check request written. Any copy(s) of the original invoice shall remain attached to the original invoice as documentation or destroyed to prevent duplication of payment.

4. Once invoice processing is completed the check request is sent to the Program Director or staff member assigned by the Program Director for review and written approval.

5. The approved check request with invoice and other (if any) documentation attached is sent to the Controller for review regarding approval, attached documentation, reasonableness, allowableness, and proper allocation to the program(s). The Controller initials the check request at the bottom right corner if satisfactory. Any questions that arise are resolved with the signer of the check request. The Controller may assign the review of certain types of
payments to the Accounting Coordinator. Examples are voucher payments for assistance programs, child development biweekly provider payments, and certain types of employee expenses and senior nutrition food invoices.

6. The Accounts Payable Clerk, Payroll Clerk, or Filing/AP Clerk, depending on the expense type, processes the check request with a credit posted to the general ledger accounts payable account and a debit to the appropriate expense line item.

CHECK REQUEST:

Check requests are internally generated documents. The purpose of a check request is to organize and control cash disbursements. A check request will:

1. Reflect date prepared.

2. Name of vendor.

3. Description or reason for payment.

4. Program expense code and amount due for each line item. If more than one program or expense code is involved, each line item will be listed with an amount and program code.

5. Have attached the original invoice from which documentation for payment is established; statements which reflect invoice amounts; purchase orders and delivery slips required for a transaction; any other pertinent documentation. All documentation, i.e., invoice, statement, etc. will be attached to the check request by the staff person designated this responsibility.

6. A check request may originate in the Business Office or the department level as invoices are processed.

7. The completed check request will be submitted to the Program Director, Executive Director or other designated supervisor for approval.

8. An undocumented check request may be approved for a travel advance, a lease, or contract if no invoice for the transaction is generated but documents (leases and contracts) are on file supporting the payment. Such requests will be approved by the Program Director, Executive Director, or designated supervisor. Checks issued for expense advances are accompanied by an Expense Advance Reconciliation Form. This form must be completed, signed, and returned to the Business Office by the employee receiving the advance payment within two weeks after the event creating the advance payment.

9. All check requests will have the name or initials of the person preparing the form.

10. The Controller or Accounting Coordinator review completed check requests before the information is processed in the computerized accounting system.
PURCHASE ORDERS:

Purchase orders are internally generated documents used to limit spending to purchases authorized by the Program Director or other designated management personnel.

A purchase order is required prior to purchase of supplies and certain services (emergency and on-going services are exempted) in excess of two hundred dollars. The following steps will occur:

1. Employees requesting a purchase order number must have Program Director, or a supervisor assigned by the Program Director, approval before the purchase order process can begin. The employee provides on the purchase order or documents attached to the purchase order the date, vendor name, quantities, description of the purchase, prices, totals, the purchasing program(s), and their signature.

2. Upon receipt of a signature approved purchase order the Traverse City office Receptionist will assign a purchase order number.

3. The purchase order number is an alpha numeric code identifying the program, date and other pertinent information regarding the requested purchase.

4. The original purchase order remains with the Receptionist. The employee requesting the purchase order number may make copies of the purchase order after the purchase order number is assigned. The purchase order number, date, and vendor are recorded in an electronic log by the Receptionist.

5. The Accounts Payable Clerk periodically retrieves the original purchase orders and is emailed a copy of the electronic log for the purchase orders received.

7. Purchase orders modified after a purchase order number is issued must be approved by the supervisor that approved the original purchase order. A copy of the modified purchase order is delivered to the Accounts Payable Clerk. If the vendor of a purchase order is changed entirely the original purchase order is voided and a different number is assigned the replacement vendor. The purchase order log reflects the changes.

8. Documentation of delivery, packing slip(s), is signed and forwarded to the Business Office for matching to the purchase order.

8. When all receipt documentation has been received and matched to the purchase order it then becomes documentation for the check request. Once the review and approval process is completed the check request is entered into the accounts payable system.
CASH DISBURSEMENTS:

Cash disbursements are an extension of the accounts payable procedure. Disbursements from the operating fund general checking account are recorded as debits to accounts payable and credits to cash. Disbursements can be made only when a check request has been properly approved and recorded as accounts payable.

Cash is usually disbursed on a weekly schedule alternating accounts payable and payroll. The following steps occur:

1. The Accounts Payable Clerk, Payroll Clerk, and/or Filing/AP Clerk print an un-posted general ledger transactions report. Whenever possible a Business Office staff member other than the employee who keyed the check requests reviews the transaction report for input accuracy.

2. The Controller who has reviewed and initialed the pertinent check requests prior to MIF input verbally approves payment after review of cash in bank amounts.

3. The Accounts Payable Clerk, Payroll Clerk, or Filing/AP Clerk prints the checks and/or ACH disbursement vouchers.

4. Processing of ach vouchers creates a transmittal file on the MIP server. The Accounting Coordinator logs on the internet software of the NMCAA bank (Fifth Third) and completes the activities to link the MIP transmittal file to the bank NACHA file for preparation of vendor ach payment.

5. The Controller logs on the bank internet software to review the NACHA file created by the Accounting Coordinator. The vendors and aggregate total are compared to the ach sent register. Should the information agree the NACHA file is approved for release on the chosen date.

CHECK AND ACH VOUCHER CONTROLS:

1. The Controller is responsible for all blank checks which are kept under lock and key.

2. All checks are issued in chronological order.

3. No check is signed in advance.

4. No check is written to other than a specific company, corporation or individual. Cash, petty cash or bearer is not used.

5. No check is prepared on verbal authorization.

6. The Accounts Payable Clerk, Payroll Clerk or Filing/AP Clerk prepares a two part laser check: one part is attached to the check request for the permanent file; the original signed check is mailed to the payee.

7. A computer generated check register is printed by the Accounts Payable Clerk, Payroll Clerk, or Filing/AP Clerk immediately following check processing. The report is
reviewed by the Controller who signs and dates the report if approved. The date of the disbursement, amount, and the beginning and ending check numbers are entered on the daily cash flow worksheet.

8. All completed checks are submitted to the Executive Director for signature.

9. The Executive Director signs all checks that are issued with a signature stamp. Should the Executive Director be unavailable the Operations Director is a board approved substitute signer. Prior knowledge of the Executive Director is required as the Executive Director allows access of the signature stamp to the Operations Director. The check register(s) for all checks signature stamped by the Operations Director is provided to the Executive Director upon his/her return. The Executive Director reviews and signs the check register(s) which is returned to the Business Office for archive. The Board Treasurer is responsible for monthly approval of all checks issued by a review of the bank reconciliation. Check registers of checks issued and all other documentation is available to the Board Treasurer if requested.

10. Signed checks are returned to the Business Office staff who separate the check parts and distribute as described in step number 6.

11. The Filing/Accounts Payable Clerk or Payroll Clerk files the file copy of the check stub and all supporting documents in alphabetical order by payee name in paid invoice files. All check requests and supporting documentation that could result in duplicate payment if unattached are stamped paid before filed.

12. Spoiled or voided checks are defaced in ink and the signature portion of the check is mutilated. A voided check is posted to cash as a debit and to the appropriate program expense or liability account as a credit by the Accounts Payable Clerk or the Accounting Coordinator. A void check register is printed for all vendor originated void checks. The void check register is reviewed and approved by the Controller and entered into the daily cash flow spreadsheet specifying date, check number and amount.

13. The Accounts Payable Clerk, Payroll Clerk, or Filing/AP Clerk prepares the ach (automated clearing house) vouchers. The vouchers are pre-numbered blank copy paper and are stored with the blank checks. The pre-numbered voucher forms are used in chronological numerical order. The printed ach vouchers are attached to the front of the corresponding check requests.

14. A computer generated ach sent register is printed by either the Accounts Payable Clerk, Payroll Clerk, or Filing/AP Clerk immediately following ach processing. The report is reviewed by the Controller who signs and dates the report if approved. The date of the disbursement, amount, and the beginning and ending ach numbers are entered on the daily cash flow worksheet.
15. All completedACH sent registers are submitted to the Executive Director for review and signature.

CREDIT CARD POLICY:

Agency Program Directors and administrative staff who frequently conduct Agency business may be issued a corporate Agency credit card. The Executive Director’s approval is required before a credit card is assigned. Cardholders are required to sign a statement acknowledging that the card shall be used exclusively for legitimate Agency related business purposes and that the cardholder agrees to take reasonable precautions to protect the card from loss or theft. Upon approval from the credit card company, a card is issued bearing the name of both the individual employee and the Agency.

Cardholder Responsibilities — The Agency procurement procedures are followed for each purchase made on the Agency credit cards. Each cardholder will provide the Business Office with a detailed receipt indicating the program(s) charged and item(s) purchased within three business days of the purchase or return from travel. The receipts are reconciled monthly by the Business Office Accounts Payable Clerk to the credit card statement. Cardholders are notified of charges (if any) that are undocumented. Purchase documentation must be provided by the cardholder or be held personally responsible for reimbursement of the charge(s).

Any fraudulent or other unauthorized charges shall be immediately brought to the attention of the Controller for further investigation with the charge card provider.

Personal use of credit cards is strictly prohibited. Any personal use will subject the employee to revocation of charge privileges.

The Executive Director will review and approve all credit card statements monthly. The Treasurer of the Board of Directors and Head Start Policy Council President will review and approve credit card statement payment vouchers monthly. Any Treasurer or President questions are directed to the Controller.

Cardholders shall report the loss or theft of an Agency credit card immediately by notifying the credit card company. The cardholder shall simultaneously notify the Controller of the card loss or theft.

Revocation of credit cards — Failure to comply with any of the policies associated with the use NMCAA’s credit cards shall subject the cardholder to revocation of credit card privileges. The Controller, with the approval of the Executive Director, shall determine whether a cardholder’s privileges are to be revoked.

Employee’s use of personal credit cards — Employees incurring legitimate Agency business expenses may use their personal credit cards for such expenditures. The Agency shall reimburse employees for properly supported and documented approved business expenditures charged to personal credit cards within ten business days of the proper completion of an Expense Report.

PAYROLL:
Currently NMCAA purchases automated payroll services from:

PAYCHEX
Grand Rapids, MI
Contact: Angie Cogbill, CSR 248-488-1100

EMPLOYEE MASTER FILE:

Information used to create the Employee Master File is obtained from:

1. Personnel Action Form
2. Personal Data Form
3. Federal and State W4
4. Insurance Applications
5. Letter of Employment
6. I-9
7. Properly executed, approved and authorized payroll deduction forms.

NEW HIRES:

The new hire procedure requires entries into the Paychex Human Resources data base. The following sequence of actions takes place in processing a new employee:

1. The Human Resources Manager enters new employee data in the Paychex Human Resources data base. The above listed documents are referenced to complete the necessary information fields.

2. The Human Resources Manager assigns a 4 digit employee number to each new hire. These numbers are issued in chronological order and the assigned number remains with a specific employee for the life of employment.

3. The new hire data from the Paychex Human Resources data base is loaded into the Paychex Payroll software files. The Payroll Clerk reviews the new hire information for input accuracy and approves as complete for payroll processing.

4. The following information is required in Employee Entry Pages 1 & 2:

A. Name
B. Address
C. Social Security Number
D. Salary/Hourly Rate
E. Tax Exempt Code
F. Program and Sub-Program Code
G. Date of Hire
H. Voluntary Deductions

Personnel Action Form
Personal Data Form
W4
Personnel Action Form
W4 (m/s plus # of Exemptions claimed on W4)
Personnel Action Form
Personnel Action Form
Health Insurance, TDA, AFLAC, FSA, and others duly
I. Location Code
J. Home Department
K. Workman's Compensation Code
L. Date of Birth
M. Job Title
N. Gender
O. Home Phone
P. Marital Status
Q. Employee Type
R. Emergency Contact
S. Average hours per pay period

authorized.
Location code list
List of Programs
Wcomp listed codes
Personal Data Form
Personal Action Form
Application
W4
Letter of Employment
Personal Data Form
Personal Data Form

5. The Payroll Clerk or Accounting Coordinator enters in Paychex the employee leave data by type (vacation or sick/personal) from the New Employee Information form routed to payroll from personnel.

6. The Employee Entry Pages 1 & 2 are transferred to Paychex via the internet with the next payroll data cycle (bi-weekly) by the Accounting Coordinator or Payroll Clerk and the new employee record is established.

7. The Payroll Clerk receives the medical insurance application form (if applicable) from the Human Resources Manager and calculates the employee withholding amount used for payroll data entry. Medical insurance is in effect the first billing date following the date of hire (first day of each month).

8. The Accounting Coordinator or Payroll Clerk receives the tax deferred annuity (TDA) withholding authorization from the Human Resources Manager. The TDA withholding percentage is entered in the payroll system. TDA withholding is in effect on the date stated by the employee per the authorization form.

9. All original personnel forms used in new employee deduction entry are returned to the Human Resources Manager to be a part of the permanent personnel file (403b authorization and Personnel/Benefits Changes form).

RE-HIRES:

Re-hires are treated as new hires except that no new I.D. number is assigned. If an employee is re-hired within one year of termination the separation will be treated as a temporary leave of absence and the original date of hire will be in effect.

TERMINATION:

The termination procedure requires entries in the Human Resources data base. The procedures followed to process a termination:

1. The Payroll Clerk or Accounting Coordinator receives the Personnel Action form and time amount owed from the Human Resources Manager.

2. The Payroll Clerk or Accounting Coordinator reviews the employee leave data and determines any compensation due for accrued vacation at the date of termination.
3. The Payroll Clerk or Accounting Coordinator reviews the payroll deduction Excel spreadsheets and determines what, if any, final deductions are necessary.

4. Using the final timesheet, or hours attained from the Human Resources Manager if an involuntary termination, and information obtained from steps #2 and #3; the Payroll Clerk or Accounting Coordinator computes the termination pay.

5. Employee initiated terminations are acted on during the normal payroll cycle.

6. Involuntary terminations may require immediate payment which is issued through the accounts payable process. The Controller authorizes out of the ordinary check processing.

7. The Accounting Coordinator (if applicable) processes the termination payment and submits the payment with relevant documentation to the Executive Director for review.

8. The Accounting Coordinator (if applicable) retains a copy of the final payment check and time document for entry as a manual payment to the next computer generated payroll.

9. The Human Resources Manager records the employee as terminated in the Paychex Human Resources data base which updates to the Paychex Payroll software.

10. Any unclaimed wages for a terminated or deceased employee will be remitted to the State of Michigan through the escheats process.

STATUS CHANGE

A Status Change is accomplished through the use of the Personnel Action Form. This form is used to effect any change of status: i.e., hourly rate, position title, promotion, demotion, re-evaluation, etc...

1. Change of Status: A change of status is initiated by a Program Director, or supervisor assigned by the Program Director, and Human Resources Manager, giving all necessary information. It requires signatures of the employee, immediate supervisor, and dependent upon the type of change, the Program Director. A completed status change is forwarded to the Accounting Coordinator or Payroll Clerk for entry into the Paychex program software.

2. Authorized absence is requested using HR Online. Each employee has a logon to access the internet location. Once logged in the date, type of hours off, number of hours requested off, date returning to work, and if needed notes box are data fields filled by the employee to submit for supervisor review and approval.

3. Separation: A separation can be a resignation, layoff, or involuntary termination. It is accomplished through use of the Personnel Action Form initiated by a Program Director or Human Resources Manager. It states the type of separation.
and date last worked and is signed by all relevant supervisory staff. The type of separation determines the necessary supervisory level of approval.

The Personnel Action Form, along with all necessary documentation, is then forwarded to the Accounting Coordinator or Payroll Clerk to be processed and entered into the Paychex program software.

ATTENDANCE RECORDS

To keep accurate control of attendance and the accumulation or usage of earned benefit time, it is necessary to maintain individual records. This is accomplished through the following steps:

1. Using the New Employee Information - Payroll Form, or Rehire Form (child development staff), or Personnel Action Form, the Accounting Coordinator or Payroll Clerk creates the type of leave hours in Paychex.

2. Leave hours are recorded during normal payroll processing. The documents used for input are timesheets.

3. The Accounting Coordinator or Payroll Clerk reviews use of leave time during a pay period to current balances of leave time for each employee. The Paychex software calculates current balances automatically after data for the current pay cycle is input.

4. No payment will be made for leave taken in excess of the leave time approved for a specific leave type, i.e., vacation or personal.

PAYROLL PREPARATION

Northwest Michigan Community Action issues payroll on a bi-weekly basis. Preparation of the payroll is a joint effort of the employee, supervisor, program director, and Business Office. The following steps are taken:

1. The employee completes an electronic timesheet in Time and Labor Online (TLO).
   The following steps are done to enter a timesheet in TLO:
   
   A. Employee uses personal sign-in for TLO.
   B. Employee goes to Timesheet express
   C. Employee selects current pay period
   D. Under "type" employee changes from "Regular hours to type of position, vacation, or sick/personal.
   E. Under "Hours" employee enters how many they worked that day.
   F. Under "Notes" employee types any necessary notes need for processing payroll.
   G. Employee "Apply" their timesheet
   H. Employee electronically approve/sign their timesheet

2. The supervisor reviews the timesheet for accuracy of information, and records any necessary changes or remarks.

3. The supervisor approves the timesheet.
4. The approved timesheet is reviewed by the Payroll clerk for "irregularities"

5. The Payroll Clerk notifies the appropriate supervisor of any change made, i.e., reclassification of regular time to sick leave, or leave claimed but not covered by benefit time.

6. The Payroll Clerk enters actual hours to be paid by hour’s type into the Paychex Payroll Interface Excel file for any employee not using TLO and imports hours from TLO.

7. After the Paychex Payroll Interface Excel file is reconciled to the source documents the file is exported to a text file which is imported to the Paychex software. A Journal Prior to Processing report is printed with all hours, earnings amounts, and deduction amounts listed by individual employee and summary totals. This information is reconciled by the Payroll Clerk to the hour totals of the Paychex Payroll Interface Excel file and to Excel spreadsheets used for deduction by type calculation and tracking. These files list totals by pay period for each deduction type.

8. Payroll status change information input is reconciled to an edit report printed from the Paychex reports list. Input such as employee direct deposits account information, and deductions are reviewed for input accuracy.

9. The Auto Labor Distribution Report is printed as an edit to reconcile input of changes regarding employee allocations. The Payroll Clerk inputs changes to employee allocation percentages from timesheets for employees with various departments charged each pay period. After reconciliation the report is archived.

10. Following verification of the amounts in the Journal Prior to Processing Report the data is transmitted to Paychex via the internet for processing.

11. The Paychex system generates the payroll direct deposit vouchers, payroll journal, check reconciliation report, and payroll tax reports which are printed in the Business Office the day of transmittal. The payroll file update is available for downloading via the internet to the Business Office generally two hours after being transmitted. Any report can be printed once the update process is complete.

12. The Accounting Coordinator prints the payroll general ledger report and workers compensation report after the payroll update process completes. The Controller prints the 403b earnings report.

13. The Controller reviews the payroll general ledger report for the cash liability amount, liability balances, and expense charged to the funds comparative to the previous payroll. The Controller opens the payroll general ledger report in the Paychex software and views the report by detail of employee name and amount charged to each fund’s salary expense as a general review of allocation to funds. Should an employee be listed or not listed under a specific fund
the Controller reviews the fund allocation of the employee with the Accounting Coordinator. The Controller signs the payroll general ledger report after review is complete. The report is given to the Accounting Coordinator to write the journal entries for the pay period.

14. The Controller prepares the 941 payment voucher and completes the remittance via Fifth Third Bank Internet Banking. The Controller compiles the 403b employee obligations and completes the listing report on the TIAA-CREF administrator's web site. The Controller prepares the check requests for the 403b payment, the employee loan withholding remittance, the flexible spending accounts employee withholdings, and the Paychex invoice for the cost of the payroll processing.

15. The payroll reports are routed to the Controller.

16. Thursday following the end of a pay period will be the date of distribution (payday).

PAYROLL REPORTS

Paychex creates the following reports during payroll processing:

1. The check reconciliation - chronological listing of direct deposit vouchers issued.

2. Tax Deposit Notice: Federal - amount and due date of 941 liability.

3. Tax Deposit Notice: State - amount and due date of state income tax withholding liability.

The following reports are printed or archived as a pdf file after updated pay cycle files are transmitted by Paychex to the Business Office:

1. General Ledger Report - the Accounting Coordinator creates payroll journal entries regarding salary expense, payroll tax expense, workers compensation expense, and state unemployment premium expense from listed program codes and program sub-codes.

2. Workers Compensation Report - detail listing by employee of earnings, workers compensation rate, and workers compensation expense. This report is back-up for the workers compensation expense entry.

3. Earnings Report - selected earnings codes for 403b pretax employee withholdings. Used for information sent to TIAA-CREF by employee amount and the total remittance paid by electronic funds transfer to TIAA-CREF.

4. Payroll Journal - alphabetic listing of employees paid in the current pay cycle. The report lists gross pay, total statutory and voluntary deductions, net pay, year-to-date
earnings and deductions categorized by type, and tax withholdings. A summary listing amounts of all earnings and deductions is at the conclusion of the report.

PAYROLL TAX REPORTS

Payroll reports required by various governmental authorities include, but are not necessarily limited to the following:

1. Form 941 - Due quarterly, reports Federal Income and FICA withheld from employees as well as the employer's FICA liability. The due date and amount of all tax deposits made during the quarter are also reported on this form.

2. Form c-3285 - Due monthly, reports State of Michigan Income Tax withheld from employees. The tax deposit is due with this report.

3. Form MESC 1020 - Due quarterly, reports the employer's liability to the State for unemployment insurance.

4. Form W2 - Due annually, individual earnings and tax withholding report.

5. Form W3 - Due annually, reconciliation of Income Tax withheld and transmittal of all individual wage and tax statements (Form W2).

6. Form 940 - Due annually, Federal Unemployment Tax. The Agency is exempt under PA 501 - (C)3.

TAX REPORT PREPARATION

Tax reports are the responsibility of the Controller. They are prepared by the Accounting Coordinator (primary) or Controller (secondary) using the detailed instructions shown in the documents accompanying the forms or on the forms themselves.

All payroll tax reports are reviewed and signed by the Controller.

TRAVEL EXPENSE

The Board of Directors of Northwest Michigan Community Action Agency, Inc. sets the policies and regulations governing travel expense based on regulations set forth by both Federal and State funding sources. Policies and regulations are reviewed and updated periodically, on the recommendation of the Executive Director or program directors, to insure compliance with said funding source requirements.

PROCEDURES

Travel is broadly divided into two types, In-Area and Out-of-Area.

1. In-Area travel expense is generally related to the use of private automobiles. When a personal vehicle is used for business purposes, an individual, if authorized, may claim
reimbursement on a per mile basis. This travel is restricted to the area covered in a normal work day.

2. Out-of-Area travel can be mileage when one's personal vehicle is used to travel to areas outside the normal work area. It can also be reimbursement for other business related expenses, i.e., air travel, over night accommodations, meal and incidental expense per diem, etc..

Mileage cannot be accumulated from month to month. It is best practice to report expenses in the financial report for the month in which the expense was actually incurred.

Reimbursement claims for any business expense will be reported on a biweekly basis and submitted with the employee's timesheet. Failure to comply with this schedule may result in the disallowance of travel reimbursement at the discretion of the Program Director.

**REIMBURSEMENT**

Reimbursement for mileage or other business expense is achieved by the following sequence of events.

1. The authorized employee completes an Expense Report Form. The form will show the following information:
   A. Name - employee or other authorized person making claim.
   B. Address - address to which the reimbursement check will be mailed.
   C. Date - date claim is submitted.
   D. Justification - reason for the claim.
   E. Expense Date - date expense was incurred.
   F. Purpose/Activity - item or activity that caused expense; i.e., destination and/or purpose.
   G. Number miles - actual miles driven to destination and return.
   H. Expense - actual cost of all non per diem items listed; must have receipt attached.

2. The completed check request/expense reimbursement with all supporting documentation will be submitted to the Program Director or designated person for approval.

3. The Program Director or other designated person will review the expense report for accuracy and documentation, and compute the mileage reimbursement at the rate currently established by the Board of Directors.

4. The Program Director or designated person will classify and code all items listed. The form will be approved by the Program Director or designated person and forwarded to the Accounting Coordinator.

5. The Accounting Coordinator will check the claim for mathematical accuracy, required signatures, and verify coding as correct. A final general review will be performed by the Controller.

6. The Payroll Clerk or Filing/AP Clerk will enter the claim into the accounts payable system.
7. The Payroll Clerk or Filing/AP Clerk will process ach vouchers on a schedule set by the Controller.

8. The Executive Director reviews the ach sent register then returns the document to the Business Office.

OUT-OF-AREA TRAVEL

Approval of out-of-area travel is obtained when the following sequence occurs:

1. An employee must request authorization from his/her supervisor. The request may be verbal or written.

2. Once authorized, the employee will prepare a check request for all pre-paid expenses; i.e., registration fee, airline tickets, per diem, etc. and submit the request to the Program Director or authorized supervisor for approval.

3. The Program Director or authorized supervisor reviews all documentation and approves with signature. When approved, the check request is forwarded to the Business Office.

4. The Accounting Coordinator reviews the check request for accuracy, documentation and signatures. The Controller performs a final review.

5. Once accuracy and documentation have been verified, the Payroll Clerk or Filing/AP Clerk processes an ach voucher. The ach voucher then follows standard procedures as stated under Check Control, including the issuance of an Expense Advance Reconciliation Form used for pre-paid expenses.

TRAVEL ADVANCES

When traveling outside the Agency's ten county service area an employee or other authorized person may request an advance for estimated expenses. A travel advance is accomplished in the following manner:

1. Estimate cost per day using the following criteria:

   A. Room $75.00 maximum before taxes or conference rate if staying at the conference hotel. If no conference rate is available and the prevailing rate exceeds $75.00, accommodations will be attained through Conlin Travel 877-654-2179 who are contracted by the State of Michigan.

   B. Per Diem Meals and incidental costs are based on Michigan DHS rates and determined by using the "Overnight travel per diem calculation" worksheet (see attachments for worksheet form).

   C. Mileage At currently established Agency rate.

2. Complete a check request as stated under Check Request.
instruction. Under purpose, show Travel Advance. State dates involved, destination and reason for trip; i.e., seminar, workshop, etc.

3. Submit to Program Director or designated supervisor for approval and signature.

4. Actual costs for non meal and incidental expenses must be supported by receipts in order to receive reimbursement. Receipts which are forgotten or misplaced must be listed by the employee as to amount, date, and place of purchase. The employee's Program Director, or other authorized supervisor, will review and approve/disapprove undocumented expense claims on a case-by-case basis.

5. Meal and incidental expenses will be paid based on approved per diem rates. Each employee is responsible for supporting receipts if audited by the IRS.

6. The Expense Advance Reconciliation Form, along with relevant documentation, must be submitted within two weeks of return from the trip. Any unused monies must be returned with this reconciliation form.

7. The Program Director or designated supervisor will review the expense report and approve and forward it to the Accounting Coordinator.

8. The Accounting Coordinator will review the report for accuracy and submit it for payment processing or deposit any unused funds as a credit to travel expense.

9. Vehicle Reimbursement - Executive Director: The Agency owned vehicle provided to the Executive Director is funded by the Community Services Block Grant Program based on actual recorded costs. The Executive Director shall only use the Agency owned vehicle for allowable business purposes with the exception of home to work commuting.

10. Personal Use of Agency Vehicle. The Agency is responsible for all expenses related to the use of Agency vehicles. However, an employee using an Agency vehicle for home to work commuting is responsible for the taxes on the value of the personal use under the Commuting Use Method as identified by the Internal Revenue Service. Personal use of any Agency vehicle is restricted to only home to work travel.

Presently only the Executive Director has commuting privileges with any Agency vehicle.

BENEFICIARY TRAVEL

Beneficiary travel is defined as the cost incurred while transporting a program client from one place to another. This can be reimbursement to an individual or a contract with a specific transportation system.

Reimbursement: Any authorized individual transporting a client on program business is eligible to request reimbursement for mileage at
the Board of Directors approved rate.

Reimbursement is accomplished by submitting a completed expense report to the Program Director. The expense report or check request then follows the previously stated schedule of events.

Contract: Contracts for beneficiary transportation are usually under, but not restricted to, the Head Start Program. The Program Director will negotiate the contract with the transporter on a cost per unit basis. The transporter may be either a public transportation authority or a public school system. Once the contract details and agreement have been reached, the contract will be signed by the legal representative of the contractor and the Executive Director of the Agency.

BOARD OR COMMITTEE TRAVEL

Certain sector representatives of the Board of Directors and Policy Council members for Head Start programs will receive payment for attending monthly meetings. The payment is a reimbursement for the cost of mileage and incidental expenses.

The reimbursement rate for mileage is the current IRS published rate. All payments must be in compliance with regulations from the funding source.

No reimbursement will be made unless attendance at a specific meeting has been documented. Documentation may be either:

A. Roll Call - taken by an authorized person who then completes a check request.

B. Attendance Sheet - supervised by an authorized person who verifies mileage and other reimbursable expense, obtains the signature of the board or committee member and makes pre-approved payment.

PETTY CASH

Petty Cash Funds are authorized by the Executive Director and issued to selected employees in those instances where small day to day operating funds are deemed necessary to improve operations.

The purpose of such funds is to avoid the need to write checks for small items, to facilitate quick minor disbursements, and to make small disbursements at field locations.

PROCEDURES AND CONTROL

The Controller or other designated person may make periodic and unannounced audits of petty cash funds. Such audits include counting of cash, explanation of unredeemed cash vouchers, and a reconciliation of the petty cash fund with the general ledger balance.

1. Petty Cash funds will be established and maintained on an imprest cash basis in the three Agency offices and the Manistee Kitchen.
2. No other monies will be mixed with petty cash.

3. No loans or advances are to be made from the petty cash fund.

4. Petty cash funds will be established as follows:

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>CUSTODIAN</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traverse City</td>
<td>R. Bester</td>
<td>$200.00</td>
</tr>
<tr>
<td>Cadillac</td>
<td>G. Vandenboss</td>
<td>$175.00</td>
</tr>
<tr>
<td>Petoskey</td>
<td>M. Towne</td>
<td>$175.00</td>
</tr>
<tr>
<td>Manistee Kitchen</td>
<td>C. Ott</td>
<td>$50.00</td>
</tr>
</tbody>
</table>

5. All petty cash funds will be kept in a cash box in a locked safe, drawer or file cabinet.

6. Only the custodian, Controller or other designated person will have access to the keys for the drawer file or safe, or for the cash box.

7. At all times the cash box will contain receipts and cash totaling the amount of the fund.

8. Disbursements of $20.00 or less may be made from the petty cash fund. A larger amount may be disbursed if deemed necessary and approved by the Controller or other designated person.

9. The following sequence of events takes place in the administration of petty cash funds.

A. The petty cash custodian or other authorized person disburses cash from the fund for an authorized purpose.

B. The petty cash custodian, or other authorized person prepares a petty cash voucher for each disbursement of funds. The following information should be recorded:

1. Current date
2. Amount - exact amount of funds disbursed.
3. Purpose of disbursement.
4. Account to be charged - Program and line item code per chart of accounts.
5. Signature of person receiving cash.

C. The petty cash custodian or other authorized person attaches all documentation; i.e., receipts, cash register tape, etc. to the petty cash voucher.

D. When needed, the petty cash custodian requests replenishment of funds and a petty cash report is made. The following information should be recorded on this report:

1. Current date
2. Location
3. Cash on Hand
4. Disbursement analysis - list of disbursements made since last reconciliation by account code.
5. Reconciliation - reconcile fund with amount to be reimbursed.
6. Prepare check request as stated in procedures and submit to Controller for approval.
7. The Controller will review for accuracy and approve for processing.

BANK RECONCILIATION - AGENCY ACCOUNTS

The bank reconciliation will be done each month upon receipt of the bank statement. The following sequence of activities takes place:

1. The Human Resources Manager receives the bank statements directly from the bank via the bank's web site.
2. The Controller provides the Human Resources Manager with the Bank Reconciliation Analysis Report.
3. The Controller provides the Human Resources Manager with the cash flow spreadsheets and the previous month's bank reconciliations.
4. The Human Resources Manager prepares a list of outstanding checks by reviewing cancelled checks, void checks along with the listed outstanding checks from the previous month.
5. The Human Resources Manager prepares a list of deposits in transit (if any) as well as making note of any other adjustments needed.
6. A Bank Reconciliation Form is completed for each bank account. The bank statements, cash flow spreadsheet, bank reconciliation analysis report, and listing of outstanding checks are attached to the Bank Reconciliation Form. This information is provided to the Controller for comparison to the general ledger Cash in Bank.
7. The Controller will note any adjustment(s) to cash that is needed, i.e., debit memos, interest earned, etc...
8. The Controller writes journal entries making the necessary (if any) adjustment(s) to cash and forwards any entries to the Accounting Coordinator for entry to the MIP general ledger.
9. The Bank Reconciliation Forms are forwarded to the Executive Director for review and signature approval. His/Her signature along with the signatures of the Human Resources Manager and the Controller are required for the Bank Reconciliation Form.
10. The Executive Director provides the approved Bank Reconciliation Forms to the Board Treasurer on the date of the monthly board meeting for review and signed approval.

11. The Accounting Coordinator supplies a copy of the outstanding checks over sixty days old to the Accounts Payable Clerk and/or Payroll Clerk for follow-up and resolution.

12. The Payroll Clerk clears the cancelled checks and deposits in the MIP accounting software monthly.

BANK ACCOUNT POLICIES

1. The Executive Director shall approve all new checking accounts or savings accounts. Written approval will remain on file. The Controller shall maintain a copy of the approval. The Executive Director shall disclose the new checking or savings account and the authorized signer(s) of the account to the Board of Directors at the next scheduled meeting.

2. Bank accounts used for the deposit of Federal funds shall be interest bearing accounts to comply with 2 CFR 200.305 Payment unless a deviation is received from the cognizant funding source (HHS Head Start) allowing use of a non-interest bearing transaction account. The implementation of a non-interest bearing transaction account, with a granted deviation, to safeguard Federal funds shall occur if the FDIC limits ($250,000) for a single bank are routinely exceeded and expense of maintaining an interest bearing account exceeds the earnings of the account. The law allowing use of non-interest bearing accounts to safeguard account balances greater than $250,000 shall expire 12/31/2012.

3. A complete listing of all bank accounts used shall be prepared annually for review as part of the single audit.

4. The Human Resources Manager is responsible for reconciling all Agency checking and savings accounts monthly.

5. Closing Accounts: Closing must be approved by the Executive Director. The final bank reconciliation is approved by the Executive Director. Accounting for the final funds must be approved by the Executive Director. The Executive Director shall disclose the closing of an account to the Board of Directors at the next scheduled meeting.

JOURNAL ENTRIES

In addition to normal transactions based on documents originating outside the business office, or resulting from the issuance of checks or the receipt of cash, it is necessary to generate a number of accounting entries internally. These entries, which affect the general ledger, are called journal entries.

Journal entries may be initiated by the Executive Director, Program Directors or the Controller. Such entries include, but are not
limited to:

1. Employer payroll cost - FICA Tax
2. Accrued Payroll, SUTA, & workers compensation
3. Allocation of shared expense
4. In-kind contributions
5. Correct coding errors
6. Month and year end closing entries
7. Adjusting and Reclassification entries

PROCEDURES

Journal entries are categorized based on the general type of activity which gives the need for the entry. For example, JO1 = Payroll entries, JO5 = adjusting entries between programs, and J10 = miscellaneous entries. Other journal entry categories exist and are used as needed.

1. Excel is used to create a formal format for each journal entry.

2. The Controller assembles and reviews all documentation in support of an entry.

3. The Controller creates the entry with the following details:
   A. Journal Reference Code, i.e., JO1-PR (Payroll entry).
   B. Month of entry
   C. Program, activity, general ledger, and site codes
   D. Debit and Credit amounts.
   E. Hash total of entry.
   F. Reason for the journal entry.
   G. Description of the entry printed in the general ledger.
   H. Date the entry was created.
   I. Name of the person creating the entry.

4. A summary sheet of all entries for a month is kept with the journal reference number that was assigned each separate entry.

5. The Accounting Coordinator, Accounts Payable/Filing Clerk and/or Payroll Clerk, primary, or Controller, secondary, input entries to the computerized accounting system.

6. All entries are compared to entry edit listings to eliminate key punch errors.

7. The Controller posts entry sessions to the general ledger.

8. Each month's entries are bound separately for reference as original documentation.

9. The Executive Director reviews, and if approved, initials
all journal entries.

IN-KIND CONTRIBUTIONS

Many grant awards are made contingent upon the Agency meeting a stated amount of non-federal or local match funds. These funds will be identified here as in-kind contributions.

In-kind contributions may take the following forms.

1. Cash
2. Goods or supplies
3. Personal services
4. Services other than personal; i.e., space, transportation, consultation, etc...

Any authorized employee may receive in-kind contributions. All contributions received require written documentation signed by the person making the contribution and the employee accepting it. The written documentation will contain the following information:

1. Program
2. Date - month & year
3. Current Date - month day & year
4. Description - Service or Material
5. Hours or Value
6. Rate or Quantity
7. Total per line item
8. Grand Total - Total Contribution
10. Name and address of contributor if receipt has been requested.

When the in-kind voucher or volunteer form has been completed it will be forwarded to the assigned staff, who will approve, date, and list account codes with the appropriate dollar amount and forward the document to the Data Entry Clerk.

The Program Director or designated staff person will complete and mail a receipt of donation certificate to the contributor.

The Data Entry Clerk will record the contribution by program, sub-program, and line item codes.

In many instances volunteer time is recorded at sites some distance from the office. These time and space donations are recorded and signatures obtained and held at the site. A written or verbal summary is given to the Program Director or designated staff person, who forwards the summarized information to the Controller and a journal
entry is written. The journal entry is posted to the general ledger.

PERSONAL SERVICES - OTHER

Because of the volume of personal time volunteered in several programs; i.e., Head Start and Commodity Distribution, a different form may be used. All the same information is required, all the same procedures are followed, only the format is different.

IN-KIND VALUE

The cash value for in-kind contributions is determined by market value in the ten county service area; the value set by the contributor (if reasonable); or in the case of personal time, the rate used in a comparable position employed by Northwest Michigan Community Action Agency.

ALLOCATED COSTS

The following is the current cost allocation plan with the types of shared costs allocated detailed as to the allocation method used for each cost.

Northwest Michigan Community Action Agency, Inc.
Cost Allocation Plan

Due to the complexity and administrative costs involved in directly allocating a number of operational costs, a cost allocation plan has been adopted.

The methods to allocate the shared costs are chosen based on (1) the ability to best reflect the benefits received from the costs to the programs, (2) use of the best available information to implement the method chosen for any given cost category.

ALLOCATED OPERATIONAL COSTS

Salaries of Employees Assigned to Multiple Agency Programs:

The Time Attendance Record (timesheet) is used to record the actual activity or a reasonable estimate of an employee’s activity in multiple programs within a two week pay period.

Most Child Development staff time is allocated based on the number children served by the employee. Should this method not be reflective of time spent the reasonable estimate of actual hours worked in each program is used.

Space Costs:

The space costs for buildings not directly identifiable to a single program are allocated based on the square feet each program occupies at a given location. A secondary method used is allocation of time for the staff to a specific program as a percentage of total staff at the facility.
Shared areas are allocated based on direct use square feet percentages.

Administrative space is allocated to the programs based on the salary allocations of the occupants of the assigned office areas.

Allocation of Building Maintenance/Utilities Costs:

Actual building maintenance and utilities costs for buildings not directly identifiable to a single program are allocated based on the square feet each program occupies at a given location.

Allocation of Administrative Equipment Maintenance:

Actual equipment repair costs will be charged to programs based on the historical salary allocation of the primary user of the equipment unless otherwise budgeted.

Actual telephone repairs will be allocated based on the number of telephones used by each program as a percentage of total telephones at a given location. Telephone repair costs identified to a specific telephone will be allocated in the same manner as equipment repairs cited above.

Allocation of Supplies:

Shared supplies/activities are allocated based on calculated fulltime equivalents of NMCAA total staff. Copy supplies, network hardware/software materials, Personnel Office purchased manuals are examples of regular purchases. The fulltime equivalent calculation is done at least annually and more frequently if significant staffing changes occur.

Equipment Lease:

Allocation of equipment lease costs for Xerox copiers is based on the user allocations for a specific program as a percentage of the total users at the copier lease location.

Professional Services:

Allocation of professional services (audit and legal for example) is based on a program's direct grant expenditures as a percentage of the Agency's total grant expenditures.

Allocation of Accounting Supplies/Postage/Other:

This operational expense consists of charges related to the Business Office. The expenses allocated under this description are:

PayChex - Payroll and Human Resources
Computer Supplies - A/P checks, toner cartridges
Postage
Office Supplies
Miscellaneous Equipment/Software

Mileage

The expenses are primarily incurred by Payroll and Accounts Payable. The charges related to Payroll are allocated to the programs based on the number of employees identified to each program.

The charges related to Accounts Payable are allocated based on the number of prior year transactions entered into each program department's accounts as a ratio of all transactions entered in Accounts Payable for the prior year.

Allocation of Administrative Equipment Purchases:

The actual cost of equipment purchases for administrative employees will be allocated based on the shared salary allocations of the employee to benefit from the equipment unless otherwise budgeted.

Insurance Allocation:

Liability insurance is allocated, for the most part, directly to the programs as identified by the premium amounts in the insurance agreement.

Property insurance, for shared office areas, is allocated based on square footage percentages.

Commercial crime insurance is allocated based on the wage allocations of employees identified to the programs handling cash.

Allocation of Telephone Costs:

Long distance and local calls are allocated based on the number of telephones identified to the programs at the three separate office locations. The administrative telephones are allocated based on recent historical salary percentages charged to the various programs.

Standard Recurring Entries:

"Supplies" and "Accounting Supplies" are the only two expense line accounts which will use an annual estimated amount distributed to the programs over twelve monthly periods. The previously stated allocation methods will be used as the basis to distribute these recurring expenses to the appropriate programs. The volume and frequent small dollar amounts of many supply purchases would place a burden on the accounts payable system to allocate actual costs.

The two recurring balances (contra accounts) will be compared to actual balances monthly with adjustments as needed, but not less than annually, to avoid over or under charging to programs through the recurring entry function.

Allocation Plan Effective fiscal Period - October 1, 2013 through September 30, 2014.
STANDARD JOURNAL ENTRIES

Due to the nature of several shared costs, the use of standard journal entries is employed. The purchase of supplies for non-program specific use is budgeted based on prior years usage and projected future cost. The allocation by program is determined for supplies with an approved method. The annual allocated amount for each program is computed to a monthly amount which is charged to each affected program by an automated recurring journal entry posted to the General Ledger.

The amounts charged by recurring entry are compared to actual costs monthly and adjusted on an as needed basis regarding over or under allocation.

Accounting Supplies is the other expense allocated in the same nature. The multiple purchases and small amounts of many supplies cause the use of the standard journal entry method.

The standard entries are developed by the Controller with the consultation of the Program Directors to whom the costs are charged.

All other shared costs are allocated based on an approved method and directly charged through the Accounts Payable function at the point of payment.

FINANCIAL REPORTING

The financial reports are the focal point of the Agency's internal accounting system. They are the final product of the collection, classification and recording of financial transactions throughout the accounting period.

Financial statements are prepared on a monthly basis for each grant award. The statements will be issued on or before the tenth of the month following the month under report.

There are many ways in which the financial report is used by the Agency:

1. Meet reporting requirements of funding source.
2. Compare performance to budget.
3. Control operations.
4. Evaluate effectiveness of management personnel.
6. Planning for future grants.

The Controller is responsible for generating timely and accurate monthly financial reports.

All financial reports produced are reviewed initially by the Controller for proper balances and completeness. The Executive Director and Program Directors receive financial report copies for department review and possible feedback to the Business Office.

The Agency's financial reports follow standard formats stating assets and liabilities, as well as revenues and expenditures. For example the Statement of Revenues and Expenditures reports current monthly totals and compares year to date totals to the budget for each program. Additionally budget balance remaining and percentage remaining of budget for each line item is displayed.

ASSETS

Assets are reported as follows:

1. Cash - money in the bank.
2. Accounts Receivable - monies due from funding or other sources.
3. Inventory - Agency Kitchens' inventory balances.
4. Prepaid Postage - unused postage.
5. Petty Cash - imprest balances in petty cash funds.
6. Fixed Assets - capital asset(s) owned by a program and/or by the Agency.

LIABILITIES

1. Accounts Payable - unpaid debts at the end of an accounting period.
2. Accrued Payroll and Taxes - wages and payroll taxes earned but not paid at the end of an accounting period.
3. Federal and State Withholding Tax - Income Tax withheld from employees pay until remitted to taxing authority.
4. FICA - Social Security and Medicare Taxes withheld from employee wages and matched by employer.
5. Medical Withholdings - payroll withholdings from employees to satisfy medical premiums exceeding the employer's fringe benefits coverage.
6. Tax Deferred Annuity - payroll withholdings for employees who pay to the employer sponsored retirement plan.
7. Various Payroll Withholdings - withholdings for employee loan repayment, section 125 plans, and garnishments.
8. Flexible Spending Account Withholdings - payroll
withholdings for the employer sponsored Flexible Benefits Plan.

9. Sales Tax - taxes paid to Agency Kitchens for catering food sales to profit oriented business.

11. Other Liabilities - Fund Source - end of fiscal year balances owed (if any) to the fund source.

REVENUE

Revenue is recognized when received. At fiscal year end postings to grant income receivable and accounts receivable are recorded for expected balances due with the revenues simultaneous recorded. Grant income paid in advance is recorded as income when received. Unexpended grant income is recorded as unearned (liability) at the conclusion of the grant period and ultimately returned to the funding source. Types of income recorded are as follows:

1. Grant Income - monthly receipts from funding source.
2. Project Income - monthly receipts generated by programs; i.e., donations for Congregate and Home Delivered Meals.
3. USDA Income - recorded in Senior Nutrition Program and Child Development programs as a revenue earned based on the number of qualifying meals served to program participants.
4. Various incomes - generated by non-grant programs, i.e., Parent Funds, Senior Nutrition Fundraising...
5. Donations - income given to the agency for non-grant fund related activity, i.e., Emmet Utility Pool, Grand Traverse Baby Panty...
6. In-Kind Income - cash value equated to in-kind donations, used as local match.

EXPENDITURES

Expenses are reported as follows:

1. Personnel Expense
   A. Salaries/Wages
   B. Payroll Tax
   C. Fringe Benefits
   D. Other

2. Contract Services
   A. Professional - contract for service; i.e., Audit, Legal
   B. Support - services to support any grant component; i.e., Nutrition Consultant
   C. Beneficiary - Medical or Dental service
   D. Other - services not identified in other
3. Travel
A. Employee - authorized local travel
B. Beneficiary - authorized client travel
C. Board/Committee - authorized reimbursement of expense usually mileage and/or child care.
D. Other - out of service area travel
E. Mobile telephone costs

4. Space
A. Lease - office & center rent
B. Utilities - heat, lights and water
C. Maintenance - cleaning, grounds care, snow removal and general repairs
D. Other - space cost not specified above

5. Program Support
A. Supplies - office supplies, paper products
B. Beneficiary Food - food for clients
C. Beneficiary Consumables - material(s) other than food for clients
D. Other - support cost not specified above

6. Equipment
A. Purchase - cost of equipment
B. Lease - cost of leasing equipment
C. Maintenance - service for office machines, etc...
D. Other - equipment cost not specified above

7. Vehicle
A. Purchase - purchase of vehicle
B. Lease - lease of vehicle
C. Maintenance - cost of maintaining vehicle
D. Other - vehicle cost not specified above

8. General Support
A. Insurance - general liability, automobile, fire & property, and bonding insurance
B. Telephone - monthly billing from servicing telephone company
C. Postage - cost of mailing packages & stamps
D. Other - misc. costs not identified above

FINANCIAL REPORT PROCEDURES

The monthly financial reports are computer generated. They are compiled of information obtained from record sources described in preceding areas. The general sources of financial statement data are:

1. Monthly general ledger activity
   A. Record of all A/P activity coded to each program account.
   B. Record of all deposits coded to appropriate program accounts.

2. Internally generated journal entries
   A. Monthly
   B. End of Program Year
3. Recurring Standard Entries
   A. Posted monthly
   B. Adjusted depending on variance from actual

The monthly accounting period runs from the first day of a given month to the close of business the last working day of that month. At the close of a month's business, the Controller prints a preliminary balance sheet and reconciles all asset and liability accounts to internal spreadsheets.

The monthly statements of revenue and expense are reviewed as printed and correcting entries for coding and/or key-in errors are made as needed.

The reports are distributed to the Executive Director and all Program Directors. Managers and Coordinators receive report copies for programs under their supervision if requested.

If needed, journal entries are made to correct any errors or omissions reported by Program Directors concerning the financial reports.

All financial reports and supporting documentation will be retained for a minimum of seven years.

PROGRAM STATUS REPORTS

Many funding sources require a monthly status or financial report. These reports not only inform the funding source of program activity, they also state Agency financial needs. It is important that the reports are completed and mailed or emailed in a timely manner.

The format of the status report will vary from program to program; however, the basic information is the same. The reports will contain the following:

1. Heading - Name & address of Reporting Agency
   Program Name & I.D. Number
   Month being reported
   Fiscal period covered by grant.

2. Portion - State part of grant reporting;
   i.e., Administration, Community Services, Composite, etc.

3. Budget - Total grant as awarded, i.e., Wages & Fringe, Taxes, Travel, other.

4. Previously Reported - Year-to-date from the previous monthly status report.


6. Year to Date - Total expenditures to date

7. Budget Balance - Difference between budget and year to date expense.
8. Certification - Signature of the authorized person, usually the Executive Director, Program Director or other designated staff person.

9. Date Submitted

Monthly status and/or Financial reports are completed by the Program Director, a designated staff person, or the Business Office and then signed by the Program Director or designated staff person.

When all the above activity has taken place, a cover letter (if necessary) is written and the reports are forwarded to the designated contract officer at the funding source.

CAPITALIZED INVENTORY

Northwest Michigan Community Action Agency maintains an on-going computerized inventory with an on-site review every two years, with the exception of DHS funded programs. Physical properties acquired by these programs are inventoried annually.

The system is designed to provide the basis for compliance with Federal accounting requirements and for meeting the Agency's internal control needs.

Expendable personal property will not appear as inventory.

Any purchase less than $5,000 or with a useful life below the limits established for non-expendable personal property is expended as a supply for the program making the purchase.

Non-expendable personal property will be any article that has an acquisition cost of $5,000 or greater.

CAPITALIZATION POLICY

Real or personal property with an estimated useful life greater than one fiscal year shall be capitalized and depreciated according to the capitalization thresholds and estimated useful lives assigned to each category of capital assets. The following are the general asset types with respective capitalization thresholds and useful lives using straight line depreciation:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Capitalization Threshold</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>All values</td>
<td>N/A</td>
</tr>
<tr>
<td>Buildings</td>
<td>All values</td>
<td>40 yrs or est. life</td>
</tr>
<tr>
<td>Building Improvts</td>
<td>$5,000</td>
<td>10 yrs</td>
</tr>
<tr>
<td>Playground Equip</td>
<td>$5,000</td>
<td>20 yrs</td>
</tr>
<tr>
<td>Telephone Systems</td>
<td>$5,000</td>
<td>10 yrs</td>
</tr>
<tr>
<td>Kitchen Equip</td>
<td>$5,000</td>
<td>12 yrs</td>
</tr>
<tr>
<td>Warehouse Equip</td>
<td>$5,000</td>
<td>12 yrs</td>
</tr>
<tr>
<td>Buses/Trucks</td>
<td>$5,000</td>
<td>8 yrs</td>
</tr>
<tr>
<td>Cars/Vans</td>
<td>$5,000</td>
<td>5 yrs</td>
</tr>
<tr>
<td>Office Equip</td>
<td>$5,000</td>
<td>5 yrs</td>
</tr>
</tbody>
</table>

The Controller maintains records of the capitalized assets.
Straight line depreciation shall be used to allocate the costs of all capitalized assets, with the exception of land which is not depreciated. Depreciation begins the month the asset is acquired and is in complete condition. Depreciation is prorated by month for capitalized assets not in service an entire fiscal year.

The capitalized assets records shall contain for each asset:
1. Asset description
2. Program ownership
3. Inventory ID number
4. Historical value
5. Acquisition month/year
6. Useful life
7. Accumulated depreciation amount

ACQUISITIONS

The Head Start Program will purchase equipment as authorized by Health & Human Services; i.e., buses, and center equipment.

Agency policy regarding purchases is as follows:

1. Purchase orders are used to request approval to acquire items costing two hundred dollars or more. An agency staff member assigned by the Director of Operations will be responsible for blank purchase orders and number assignment as described under Purchase Order.

2. Employees who, because of their position, may make decisions which could be reasonably inferred to be a conflict of interest, shall inform their supervisor of the potential conflict of interest and, if deemed necessary, remove themselves from the decision making process. See OMB 2 CFR 200.318 General procurement standards.

3. No employee, officer or representative of the Agency shall solicit or accept gratuities, favors or anything of monetary value from contractors, business agents or representatives of any potential provider/contractor. See OMB 2 CFR 200.318 General procurement standards.

4. Efforts will be made to utilize local businesses with emphasis on small business, minority-owned businesses, and businesses owned by women as recommended by OMB 2 CFR 200.321.

5. Purchases shall be for items necessary to program(s) operations. Analysis of alternatives will be conducted prior to purchase ensuring price and use objectives are achieved. Documentation of cost analysis will remain on file to support purchases.

6. Requests of bid proposal and the related documentation of required specifics will be developed by the Program Director and/or assigned staff. The selection of vendors will be the responsibility of the Program Director in conjunction with
the Executive Director and the Controller. Award selections will meet the requirements of OMB 2 CFR 200.319 and 200.320 regarding free and open competition.

7. Program Directors or assigned staff is responsible for maintaining procurement documentation in the appropriate department files. Documentation will address the criteria for vendor selection, basis for the price of the awarded item or contract, and justification for purchases when a competitive bid environment is not present.

8. The Bid/Quote process will be used to solicit goods and services costing $150,000 or more unless otherwise stated by funding source. A minimum of three (3) bids will be required. When it is deemed necessary to purchase required goods or services from a single available source at a cost of $150,000, or more, the Executive Director must approve the purchase unless prior approval has been obtained from the funding source.

9. Procurements originating from funding of CSBG, ECSHG, Weatherization, and any other programs with DHS oversight will adhere to the property and inventory requirements of the Community Services Policy Manual. Item 404 dated 01/15/2012 summarize the requirements.

CONTRACT PROCUREMENT

As stated under the acquisition section of this manual, any services over $150,000 must go through the bid/quote process. Should the cost of a service contract be above the small purchase threshold, currently $150,000, the contract will be competitively bid. If a sole source provider situation exists where bids are not possible, the Program Director must obtain written approval from the fund source. Alternatively, the name of any sole source service providers can be identified by name in budgets submitted to the fund source for approval.

The Agency may enter into a contract(s) with a consultant should the Agency not have on staff an individual with the skills necessary to accomplish a required task or not have an adequate number of staff with the needed skills for a project that is of limited duration. The contract for a consultant shall describe the service to be provided, the rate to be paid, and the number of hours (or other billing basis) necessary to complete the assignment. The Agency shall determine the contractor has the necessary qualifications and that the rate of compensation is reasonable before entering the contract.

PHYSICAL INVENTORY INPUT

1. After supervisor approval an invoice copy is forwarded to the Accounting Coordinator, or assigned Business Office staff person, by the Accounts Payable Clerk.

2. The Accounting Coordinator or assigned staff person will enter data to the Physical Inventory Data Entry Form as follows:
3. The Accounting Coordinator or other authorized person inputs the completed physical inventory data entry form in the NMCAA Inventory/Property Control System software. When the data entry is complete, the item is part of the permanent inventory record.

DISPOSITION & TRANSFER

To transfer or dispose of an item, the above procedure is followed using the same Physical Inventory Data Entry Form. The form is designed to be flexible.

A transfer is accomplished by use of the Disposition Date and Other Information columns.

A disposal is accomplished by using the Disposition Date and attaching available disposal documentation.

The Physical Inventory Data Entry Form and all other documentation will be filed by the Business Office and kept as a part of the inventory records.

DISPOSITION OF HEAD START EQUIPMENT

The following procedures are to be adhered to once the Head Start program receives written permission to dispose of equipment.

1. An assessment of fair market value will be obtained from an independent source (such as the current Blue Book price for a vehicle).

2. Based on the fair market value, a determination is made
whether to sell the item or trade it in (usually a vehicle).

3. If the decision is to sell, the item will be offered for sale through advertising media that is determined to provide the most competition between buyers and also provide a cost effective way to dispense of the item. The staff person in charge of selling the item is authorized to accept the best offer received.

4. In the case of either selling or trading in, the transaction will occur within 90 days of the receipt of written permission to dispose of the property.

5. The Director of Operations will have overall responsibility for disposal of property in coordination with the Head Start Program Director and the Controller. The Agency may use up to $500 or 10% of a disposed item’s selling price, whichever is less, to offset the costs of the disposal process.

LEASES/ACQUISITION OF SPACE:

The acquisition of Agency office space is the responsibility of the Executive Director and is subject to annual review.

Head Start center and meal site space is the responsibility of the Program Director in conjunction with the Executive Director.

A minimum of three proposals is desired but may not be feasible due to limited availability.

Cost will be compared to local rates as stated in newspapers and as listed with local real estate management offices.

Premises must be barrier free.

DOCUMENT RETENTION AND DESTRUCTION POLICY

In accordance with the Sarbanes-Oxley Act, which makes it a crime to alter, cover up, falsify, or destroy any document with the intent of impeding or obstructing any official proceeding, this policy provides for the systematic review, retention and destruction of documents received or created by the Agency in connection with the transaction of organization business. This policy covers all records and documents, regardless of physical form, contains guidelines for how long certain documents should be kept and how records should be destroyed. The policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records and to facilitate the Agency’s operations by promoting efficiency and freeing up storage space.

Document Retention - The Agency follows the document retention procedures outlined below. Documents that are not listed, but are substantially similar to those listed in the
schedule will be retained for the appropriate length of time.

Corporate Records
- Articles of Incorporation: Permanent
- Board Meeting and Board Committee Minutes: Permanent
- Board Policies/Resolutions: Permanent
- By-Laws: Permanent
- Construction Documents: Permanent
- Fixed Asset Records: Permanent
- IRS Determination Letter: Permanent
- State Sales Tax Exemption Letter: Permanent
- Contracts (after expiration): 7 years
- Correspondence (general): 3 years

Accounting Corporate Tax Records
- Annual Audits and Financial Statements: 15 years
- Depreciation Schedules: 7 years after disposal
- General Ledgers: 15 years
- IRS 990 Tax Returns: 15 years
- Business Expense Records: 7 years
- IRS 1099s: 7 years
- Journal Entries: 7 years
- Invoices: 7 years
- Cash Receipts: 7 years

Bank Records
- Check Registers: 7 years
- Bank Deposit Slips: 7 years
- Bank Statements and Reconciliation: 7 years
- Electronic Fund Transfer Documents: 7 years

Payroll and Employment Tax Records
- Payroll Registers: 20 years
- State Unemployment Tax Records: 7 years
- Garnishment Records: 7 years
- Payroll Tax returns: 7 years
- W-2 Statements: 20 years

Employee Records
- Individual Employment Records: 20 years
- Retirement and Pension Plan Documents: Permanent
- Accident Reports: 5 years
- Worker’s Compensation Records: 7 years
- Time Sheets: 7 years
- I-9 Forms: 3 years after termination

Legal and Insurance Records
- Appraisals: Permanent
- Insurance Policies: 7 years after expiration
- Real Estate Documents: Permanent
- Investment Records: 7 years after disposal
- Leases: 7 years
- General Contracts: 3 years after termination
Electronic Documents and Records - Electronic documents, not also maintained as a paper document, will be retained as if they were paper documents. Therefore, any electronic files that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file or moved to an "archive" computer file folder. Backup and recovery methods will be tested on a regular basis.

Emergency Planning - The Agency's records will be stored in a safe, secure and accessible manner. Documents and financial files that are essential to keeping the Agency operating in an emergency will be backed up weekly with a copy taken off site.

Document Destruction - The Agency's Controller is responsible for the ongoing process of identifying its financial records, which have met the required retention period and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

Compliance - Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against the Agency and its employees and possible disciplinary action against responsible individuals. The procedures will be reviewed periodically to ensure that they are in compliance with new or revised regulations.
Northwest Michigan Community Action Agency, Inc.
Financial Policies & Procedures

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