

FAAE

Policy & Procedures Manual

FAAE

Policy & Procedures Manual

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Section 1 - Financial Management

Policy #: 1.01 Policies and Procedures

Effective Date:

Revision Date:

Approved By:

It is the policy of FAAE to maintain fiscal policies that are reviewed and approved by the Board of Directors and include up to date procedures that identify how those policies are carried out.

Accounting records will be maintained in accordance with United States (U.S.) generally accepted accounting principles (GAAP) and all transactions will be recorded promptly in the computerized accounting system.

Purpose

To establish guidelines for policy and procedure maintenance.

Procedure

1. The Executive Director, in conjunction with the Board of Directors and the accountant, is responsible for knowledge of all changes instituted by standard setting bodies and ensures the changes are implemented correctly and in a timely manner.
2. The Executive Director, in conjunction with the Board of Directors and the accountant, reviews and updates the Policy and Procedures Manual to reflect changes in systems, departmental positions, staff responsibilities, and overall processes at least once per year.
3. All changes to the Policy and Procedure Manual are presented to the Board of Directors for approval.

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Policy #: 1.02 *Chart of Accounts and Coding*
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to maintain a current chart of accounts that provides for identifying specific programs and revenues and expenses separately. The chart of accounts is defined by coding guidelines developed by the Executive Director and accountant.

Purpose

To provide guidance to all for 1) coding of assets, liabilities, revenue and expenses and 2) preparing annual line item budgets and to provide clarification on the utilization of each component of the chart of accounts.

Procedure

1. The accountant develops and maintains the chart of accounts, adding or inactivating accounts as necessary in QuickBooks based on feedback from the Executive Director.
2. The accountant is responsible for ensuring that new accounts are included in the appropriate financial statement formats.
3. The accountant maintains appropriate coding guidelines, which identify and describe each component of the chart of accounts as well as each individual account:
 - a. 1000 Asset accounts
 - b. 2000 Liability accounts
 - c. 3000 Equity accounts
 - d. 4000 Revenue accounts
 - e. 5000 – 9999 Expense accounts (except for account coding specifically required by DOE)
4. Each expense is to be coded to a class/function - program, management & general, or fundraising, and sub-function if applicable. This will enable a profit and loss to be generated from QuickBooks for each class/function.
5. If an expense is charged to a grant or specific funding source a “customer/donor” will be added to the QuickBooks system. Each expenditure that is charged to that source is to be coded to that customer/donor. This will enable reports to be generated for each specific revenue source if required.

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Policy #: 1.03 Record Retention

Effective Date:

Revision Date:

Approved By:

It is the policy of FAAE that all accounting records are stored in a locked area and that critical fiscal documents are stored in a fireproof locked area. Records will be retained in accordance with funding contract requirements and applicable local, state, and federal laws.

Purpose

To provide specific instruction to staff for the storage and retention/disposal of accounting records and to ensure that accounting records are maintained according to contractual obligations.

Procedure

1. All accounting and payroll records are to be kept in a locked area.
2. QuickBooks is backed up by the external accountant daily to Mozy Pro.
3. Other computerized accounting data is backed up daily.
4. Current bank statements, quarterly investment statements, contracts and other critical agency documents that are difficult to replace are maintained in a locked fireproof safe.
5. Immediate prior-year accounting records are boxed and labeled, then stored in a locked area. Payroll records are stored in a locked, limited access area.
6. All accounting and payroll records older than the previous fiscal year are maintained in a designated storage area.
7. All accounting records will be kept for a minimum of seven years.
8. Payroll records will be maintained for minimum of seven years.

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Policy #: 1.04 *Conflict of Interest*
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE that no member of the Board of Directors or member of his/her family shall directly or indirectly financially benefit from their association with FAAE without full disclosure and that all transactions be true arm's length transactions. All transactions must go through the normal procurement procedures. If a transaction involves a member of the Board of Directors, that member must avoid participating in a vote where the member may benefit from a decision that the Board makes. In addition, the Board must be made aware of all potential transactions involving members.

It is the policy of FAAE that no staff member or member of his/her family shall directly or indirectly financially benefit from their association with FAAE. Any questions regarding staff conflict of interest should be directed to the Executive Director.

Purpose

To provide guidance on conflict of interest issues for board and staff.

Procedure

1. Financial transactions of the Organization, which involve members of the Board of Directors, shall be subject to the same policies and procedures as all other such transactions.
2. The Board shall approve procedures for formal competitive bidding for all contracts and assets as contained herein.
3. Real estate transactions must be at market-appraised value or less when a Board Member benefits from, or directly participates in the transaction. Such transactions must be in accordance with the procedures below for declaring and documenting possible conflict of interest.
4. Nothing shall preclude a Board Member from offering services or expertise to agency which such services or expertise is offered free of charge or at fair market value and in accordance with this policy.
5. The procedure for declaring and ruling on a possible conflict of interest will be as follows:
 - a. A Board Member suspecting a possible conflict of interest shall declare same to the President or presiding officer prior to any voting on the matter in question.
 - b. The President or presiding officer shall rule as to whether or not there is a conflict of interest or may request that the Board determine if a conflict of interest is at question. A majority vote of the members present is required to affirm the decision.
 - c. The Board Member in conflict may participate in the discussion of the matter prior to the vote on the question in conflict.
 - d. In the event it is determined that a conflict exists, the Board Member determined to have a conflict shall not vote on the issue involving the conflict.
 - e. Any issue on which a determination of conflict has been made shall require a majority vote of members eligible to vote in order to be approved, and the conflict shall be duly recorded in the minutes.

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- f. Staff conflict of interest issues are directed to the Executive Director to ensure that staff members and their immediate families do not benefit financially at the expense of FAAE by conducting business with FAAE.

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Policy #: 1.05 Insurance Coverage
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to maintain appropriate levels of insurance coverage and to include an annual review of insurance coverage prior to policies being renewed. Required insurance coverage includes but is not limited to:

Property - to include all owned and leased buildings and contents, vehicles, computers and all other owned and leased properties. This coverage may also include business interruption insurance for each location in which the organization does business.

Directors & Officers - limits and coverage to be reviewed and approved by the Board of Directors on an annual basis.

General and professional liability coverage - to be appropriate based on the level and type of activities being provided by the organization at each location, including coverage for all employees who have access to cash in the regular course of their jobs, if available.

Automotive Liability - coverage for agency automobiles, if any acquired.

Worker's Compensation - coverage for employees injured in the course of their employment, if required or determined necessary by the Board of Directors.

Purpose

To provide assurance that the agency has adequate financial protection against potential loss.

Procedure

1. The Executive Director is charged with the responsibility of ensuring that all agency insurance coverage is maintained at adequate levels.
2. The Executive Director notifies the insurance company of any additions and deletions within five working days when the change involves equipment with a cost in excess of \$5,000 and within forty-eight hours when adding/deleting facilities both owned and rented.
3. Three months prior to the beginning of the policy year, the Executive Director meets with the insurance agent to review all insurance coverage.

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Policy #: 1.06 Debt and Lease Obligations
Effective Date:
Revision Date:
Approved By:

Leases with a term of one year or less and a total cost less than \$1,000 can be approved and signed by the Executive Director. Leases with a term in excess of one year or a cost of \$1,000 and above require approval and signature of the Board of Directors. When negotiable, any lease with a term of more than one year shall include a termination clause in the event that funding for the lease is terminated.

Purpose

To ensure that no staff member can encumber the organization for a significant amount of money over an extended period of time without review and approval of the Executive Director and/or the Board of Directors.

Procedure

1. Any new debt of an ongoing nature must be pre-approved by the Board of Directors.
2. The Executive Director negotiates, reviews, and ensures there is adequate funding in the budget for all leases.
3. Original leases and contracts are maintained on file.
4. The Executive Director may authorize agency credit card accounts based on organizational needs. The Executive Director is responsible for setting up accounts and maintaining credit cards in a secure location.

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Policy #: 1.07 Fixed Assets and Capitalization Policy
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to capitalize all acquisitions of long lasting substantial property and equipment with a cost in excess of \$1,000, to depreciate these items over their useful life and to track assets with a cost in excess of \$1,000 using inventory tags (with lower limits if required by contractual guidelines).

FAAE will maintain a detailed schedule of fixed assets including asset tag number, date of acquisition, cost, location, and donor or funding source restrictions. FAAE will complete a physical inventory of all fixed asset items on an annual basis. Disposals of fixed assets with a value of less than \$10,000 require prior approval by the Executive Director. Disposals of fixed assets in excess of \$10,000 require prior approval by the Board of Directors.

Purpose

To provide a method of tracking of fixed assets to reduce likelihood of theft or loss.

Procedure

1. The Executive Director will be responsible for overseeing the maintenance and updating of the fixed asset schedule in conjunction with the accountant.
2. The accountant will enter purchases of fixed assets >\$1,000 into QuickBooks in the Fixed Asset accounts. The entry should include tracking by funder in the “customer” section of QuickBooks if acquired with grant funds to ensure compliance with grant guidelines.
3. The accountant will add items to the fixed asset detail maintained in Excel.
4. The Executive Director will assume responsibility for assigning an asset ID and placing the tag on the item.
5. The detail in Excel will include: tag number, data acquired, description, cost, and funding source if applicable.
6. Each asset will be assigned an estimated useful life and depreciated on a straight line basis over the useful life.
7. The Executive Director is responsible for notifying the accountant of any disposals. Prior to disposal of any assets, management will ensure compliance with any related granting requirements.
8. Prior to the end of each fiscal year, the Executive Director and accountant ensure the fixed asset detail is updated.

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Policy #: 1.08 Bank Reconciliations
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to reconcile all bank statements by the 15th of the following month and obtain proper review and approval.

Purpose

To assure bank reconciliations are completed prior to financial statements being issued and to allow for timely corrections of any bank errors.

Procedure

1. One bank statement is mailed to the Executive Director and one statement is mailed to the Board Treasurer. Copies of cancelled checks must be included with the bank statement.
2. The accountant prepares and enters journal entries to record all interest, fees and other bank activity.
3. The accountant prepares the bank reconciliation as follows:
 - a. The accountant uses QuickBooks to clear deposits, checks and other bank activity and to reconcile each cash account.
 - b. Checks outstanding for more than 90 days should be investigated. When appropriate, payment is stopped, the original check is voided, and if appropriate the check is reissued.
4. Once the statements are reconciled, the bank reconciliation reports (including detailed lists of outstanding checks and deposits in transit) are given to the Executive Director for review and approval. The report should include the reconciled bank balance as well as the general ledger balance of the account.
5. Quarterly the bank reconciliation and bank statement with cancelled check copies are sent to the Board Treasurer who does not have check signing authority. The Board Treasurer will review bank reconciliations for authorized signatures, unusual items, irregular endorsements, and check sequence numbers as well as for accuracy and timeliness.
6. The Board Treasurer signs the reconciliation and mails back a copy to maintain on file as evidence of the review.
7. The Executive Director files the approved bank reconciliation reports and bank statements in the individual bank account file folders by month.

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Policy #: 1.09 Other Balance Sheet Account Reconciliations
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to review balance sheet accounts on a monthly basis and to compare QuickBooks totals with any detail sub-ledgers for accounts receivable and accounts payable accounts.

Purpose

To ensure the balance sheet is accurate when presented on a monthly basis.

Procedure

1. The accountant or Executive Director should review an aged accounts payable detail report from QuickBooks for any old, outstanding, or unusual items.
2. The accountant or Executive Director should review an aged accounts receivable detail report from QuickBooks for any old, outstanding, or unusual items.
3. The accountant or Executive Director should review the fixed asset detail schedule and verify that the asset cost and accumulated depreciation totals agree to the QuickBooks balances in these accounts.

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Policy #: 1.10 Investments
Effective Date:
Revision Date:
Approved By:

The Board of Directors is responsible for the purchases and sales of investments and for insuring that the investment income and gains are used only for purposes authorized by law, donors, and Board policy.

Securities will be maintained in the custody of financial institutions as approved by the Board of Directors.

The Executive Director will be responsible for establishing investment guidelines with approval of the Board of Directors, maintaining records of all investments and investment income, and for reporting changes to the Board of Directors.

Investment account activity will be reported in the organizational financial statements and reconciled to the general ledger on a quarterly basis, following procedures for *Bank Reconciliations* section.

Purpose

To provide guidelines for the prudent investment of funds.

Procedure

1. The Board of Directors will oversee the sale and purchases of investments and ensure that investment income and gains are used appropriately.
2. The Board of Directors will select the financial institutions where investments are maintained.
3. The Board of Directors will approve investment guidelines.
4. The Executive Director will maintain records of all investments and investment income.
5. The accountant will review investment accounts and record all investment account activity in the general ledger on a quarterly basis (see procedure under policy 1.08 *Bank Reconciliations*).

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Policy #: 1.11 Journal Entries
Effective Date:
Revision Date:
Approved By:

It is the policy of the Organization to ensure that all journal entries are properly supported and approved prior to entry and that a monthly review of all journal entries is performed as these are areas of increased risk to the accuracy of the financial statements.

Purpose

To ensure that journal entries, transactions outside of normal deposits and checks, are proper, accurately recorded, authorized and reviewed.

Procedure

1. The accountant will prepare journal entries that need to be recorded in QuickBooks.
2. Monthly a report of all journal entries should be run from QuickBooks and given to the Executive Director for review and to ensure that all entries were entered properly.
3. The Executive Director should initial the monthly report as evidence of the review.
4. The monthly report should be filed by month for audit review.

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Policy #: 1.12 Annual Audit
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to require an annual audit by an independent Certified Public Accounting firm selected by the Board of Directors for FAAE once revenue exceeds \$500,000. Upon completion of the annual audit, the Executive Director will:

- a. Meet with the CPA firm to review the audit findings, the auditor's report, the accompanying financial statements and the management letter.
- b. Have the Board formally accept the audit report within 6 months of the end of the fiscal year but no later than the due date required by funding contracts, unless an extension has been granted.
- c. Review a budget to actual analysis after year-end numbers are finalized.
- d. Ensure that management acts on the recommendations in the management letter.

Purpose

To ensure the agency's financial records are reviewed by an independent audit firm on an annual basis and to ensure that the Board of Directors or its designated committee reviews and approves the information provided in the audit report.

Procedure

1. The Executive Director solicits bids for the annual agency audit, when required.
2. The Executive Director is responsible for oversight of the audit, scheduling the audit and working with the auditors to address and correct any management letter issues.
3. The Executive Director may delegate some of the necessary audit preparation work but maintains full responsibility for insuring the audit is timely and the company is prepared to participate in the audit process.
4. The accountant is responsible for working with the audit firm and communicating any issues as they come up with the Executive Director.
5. The Executive Director and Board President will meet or communicate with the audit firm to review the proposed financial statements and management letter comments and provide feedback prior to presentation to the Board.
6. A representative from the audit firm will present the audit findings to the Board of Directors, which is permitted via teleconference due to the location of the entity and Board meetings. Board members will receive a completed copy of the audit report.
7. The Accountant will enter adjusting and reclassification journal entries into QuickBooks as of the fiscal year end and prepare a final set of year-end financial statements, including a budget to actual comparison for review by the Executive Director.
8. The Executive Director will maintain a list for delivery of the annual audit report and management letter (including number of copies required). Once the audit has been accepted by the Board of Directors, the Executive Director will mail or distribute the audit report as required.

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Policy #: 1.13 Financial Information Disclosure
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to comply with government regulations and contractual obligations concerning financial information disclosure while maintaining client confidentiality.

Purpose

To assure that financial information is shared in accordance with government requirements and to provide a method for managing financial information disclosure.

Procedure

1. No staff or management of FAAE should disclose financial information to an individual, public source, or private source without the consent and knowledge of the Executive Director except as noted below.
2. The Form 990, except for Schedule B, is open to public inspection. This form must be given out regardless of the source of the request. The person who distributes the 990 must provide the name and organization of the person requesting the 990 to the Executive Director.
3. Each member of the Board of Directors has full access to financial information.
4. All other responses to public requests for financial information should be approved, in writing, by the Executive Director.

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Policy #: 1.14 Whistle Blower
Effective Date:
Revision Date:
Approved By:

FAAE is committed to high standards of ethical, moral and legal business conduct. In line with this commitment, and the Organization’s commitment to open communication, this policy aims to provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimization for whistleblowing.

Purpose

This whistleblowing policy is intended to cover protections for you if you raise concerns regarding the Organization and its employees, such as concerns regarding:

- a. incorrect financial reporting;
- b. unlawful activity;
- c. activities that are not in line with the Organization’s mission and conduct
- d. activities, which otherwise amount to serious improper conduct.

The Organization hereby has the following safeguards:

1. *Harassment or Victimization* –
 - a. Harassment or victimization for reporting concerns under this policy will not be tolerated.
2. *Confidentiality* -
 - a. Every effort will be made to treat the complainant’s identity with appropriate regard for confidentiality.
3. *Anonymous Allegations* –
 - a. This policy encourages employees to put their names to allegations because appropriate follow-up questions and investigation may not be possible unless the source of the information is identified. Concerns expressed anonymously will be explored appropriately, but consideration will be given to:
 - i. The seriousness of the issue raised;
 - ii. The credibility of the concern; and
 - iii. The likelihood of confirming the allegation from attributable sources.
4. *Bad Faith Allegations* –
 - a. Allegations in bad faith may result in disciplinary action.

Procedure

1. *Process for Raising a Concern*
 - a. *Reporting* - The whistleblowing procedure is intended to be used for serious and sensitive issues. Such concerns, including those relating to financial reporting, unethical or illegal conduct may be reported directly to the Executive Director or Board of Directors. Employment-related concerns should continue to be reported through your normal channels such as the Executive Director.
 - b. *Timing* - The earlier a concern is expressed, the easier it is to take action.

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- c. *Evidence* - Although the employee is not expected to prove the truth of an allegation, the employee should be able to demonstrate to the person contacted that the report is being made in good faith.

2. How the Report of Concern will be Handled

The action taken by the Organization in response to a report of concern under this policy will depend on the nature of the concern. The Board of Directors shall receive information on each report of concern and follow-up information on actions taken.

- a. *Initial Inquiries* - Initial inquiries will be made to determine whether an investigation is appropriate, and the form that it should take. Some concerns may be resolved without the need for investigation.
- b. *Further Information* - The amount of contact between the complainant and the person or persons investigating the concern will depend on the nature of the issue and the clarity of information provided. Further information may be sought from or provided to the person reporting the concern.

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Section 2 - Purchasing & Cash Disbursements

Policy #: 2.01 Disbursement Approvals
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE that the function of authorizing cash disbursements is segregated from the recording function.

All disbursements of funds must be made within approved disbursement policies.

Purpose

To establish departmental responsibility for all purchasing decisions and to establish predefined approval limits for various levels of employees.

Procedure

1. All disbursements require an appropriate level of authorization and approval. Approval limits are identified as follows:

<u>Group/Staff Person</u>	<u>Approval Limit - Budgeted Expenditures</u>	<u>Approval Limit - Unbudgeted Expenditures</u>
Executive Director	\$5,000 *	\$500

2. All expenditures exceeding \$5,000 (* with the exception of routine, recurring budgeted expenditures such as employee benefits, rent, equipment lease payments, insurance, utility bills, phone bills, mortgage and other loan payments) require approval by the Board of Directors. Unbudgeted expenditures exceeding \$500 require board approval.
3. The Executive Director has approval authority for routine, recurring, budgeted expenditures including employee benefits, rent, equipment lease payments, insurance, utility bills, phone bills, mortgage and other loan payments.
4. All disbursements require approval based on board policy prior to payment being processed. The employee requesting the disbursement is responsible for obtaining appropriate approvals prior to submitting the request for payment. Failure to obtain approval may result in payment being delayed or denied.

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Policy #: 2.02 Check Signing Banking Policy
Effective Date:
Revision Date:
Approved By:

FAAE prohibits the signing of blank checks. Expenditures must be approved based on *Disbursement Approvals* in section 2.01.

Purpose

To assign check-signing responsibility to specific positions to allow for appropriate segregation of duties.

Procedure

1. The Board of Directors will authorize all bank accounts and approved check signers. Board minutes will reflect all changes.
2. The person signing the checks is responsible for reviewing the checks and invoices and has full authority to question any check prior to signing it.
3. Expenditures must be approved based on *Disbursement Approvals*.
4. The Executive Director is responsible for maintaining correct signature cards on file with the bank and for updating cards based on staff or board changes.
5. Due to the fact that the Board is not in the same location as the Executive Director, the Executive Director can obtain approval outside of her authority via email and attach to the original invoice.
6. Transactions will be reviewed by the Board Treasurer as well during *Bank Reconciliations* procedures.

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Policy #: 2.03 Purchasing & Bidding
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to require a good faith effort to obtain 3 bids for single item purchases in excess of \$2,500. Purchases over \$5,000 require 3 written bids and a formal bid process will be used for all purchases in excess of \$25,000.

FAAE will make all purchases in accordance with legal and contractual requirements and will take steps to ensure that the best price for purchases is obtained. If a vendor is not selected based on the lowest price, the reason for the selection will be appropriately documented.

Purpose

To assure the agency 1) utilizes a fair method for obtaining and maintaining contractual services and 2) reviews all ongoing contractual services utilized by the agency, verifying quality and cost effectiveness of each contractor.

Procedure

1. Any single item purchase of goods or services exceeding \$2,500 must have a minimum of three documented bids according to agency policy or an explanation of the reason why three bids could not be obtained.
2. Any single item purchase of goods or services in excess of \$5,000 requires three written bids according to agency policy or an explanation of the reason why three bids could not be obtained.
3. Bid prices are considered valid for additional purchases of the same goods or services for up to six months.
4. In some cases such as printing and automobile repair, a bid process may be done once per year for all services to be performed during the year.
5. For single item purchases of goods or services in excess of \$25,000, the Executive Director will be responsible for a formal bid process open to the public through advertising. Time frames for bid selection, advertising venues and other processes will be determined based on the project. If selection is not made based on the lowest price, the reason for the choice will be documented.
6. All contractual services of an annual, on-going nature in excess of \$25,000 will be opened for competitive bid both initially and on a three-year cycle.
7. When possible, bid requests for new contractual services will be sent out to a minimum of 3 sources.
8. The decision to award a contract to a bidder will be based on cost, quality, timely performance and reputation of bidder.
9. All other things being equal, the contract will be awarded to the lowest bidder. If the contract is not awarded to the lowest bidder, an explanation must be provided to Executive Director detailing why the chosen vendor was awarded the contract.
10. Short term or one time only contractual services may be excluded from this procedure.
11. Final approval for bids is based on approval limits outlined in policies.

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Policy #: 2.04 Vendor Payment Policy
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to 1) pay all vendors in a timely manner, not to exceed the vendors due date; 2) require appropriate documentation for all disbursements; 3) to require documentation of receipt of goods prior to payment; 4) require that all disbursements (except petty cash) be made by check when possible; and 5) to properly record all disbursements in the computerized accounting system.

Purpose

The Organization should ensure proper and timely payments to vendors.

Procedure

1. A W-9 should be obtained for all payments made to individuals and attorneys prior to payment.
2. All mail that comes into FAAE is opened by Executive Director.
3. The billing address for all vendors is the P.O. Box in Orlando.

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Policy #: 2.05 Payment Policies
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to ensure that checks and on-line payments are properly authorized and approved.

Purpose

To provide guidelines for use and protection of checks and on-line transactions.

Procedure – Checks

1. All blank check stock must to be kept in a locked, secured area at all times.
2. All checks should be pre-numbered and used in numerical sequence.
3. Checks should be payable to a specific payee.
4. All checks should be accounted for in the computerized accounting system.
5. Void and spoiled checks are to be mutilated, maintained in numerical order and listed in QuickBooks as voided.
6. Once bills have been approved for payment based on Disbursement Approvals, the accountant uses the pay bills or write check function of QuickBooks.
7. Checks are printed from QuickBooks and mailed to the Executive Director for signature.
8. Checks payable to the Executive Director are mailed to a Board Member.
9. A copy of the signed check is made. The Executive Director attaches the copy to the backup, stamps all backup with a paid stamp, writes the check number on the backup and files in alphabetical vendor files.
10. The Executive Director mails the check to the appropriate vendor.

Procedure – On-Line Payments

1. The Executive Director is authorized to make on-line payments by the Board of Directors.
2. All payments must be supported by invoices approved based on Disbursement Approvals.
3. All on-line payments should be reviewed as part of the bank reconciliation process.
4. Transactions will be entered into the QuickBooks accounting software.

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Policy #: 2.06 Petty Cash
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to allow the use of petty cash for small cash expenditures. Petty cash funds will be established, eliminated or increased based on program needs at the discretion of the Executive Director.

Cashing checks from petty cash is prohibited.

Purpose

To provide for the control and management of petty cash accounts.

Procedure

1. Petty cash is for purchases of items that cannot be processed through the normal purchasing system.
2. Petty Cash accounts are established and increased or decreased based on need and the approval of the Executive Director.
3. The Executive Director is assigned as the Petty Cash Custodian and has complete responsibility for the petty cash fund.
4. Petty cash checks are made payable to the name of the Petty Cash Custodian.
5. Payment Voucher forms or a cash receipt log must be completed and approved prior to the distribution of petty cash funds.
6. Petty cash funds should be reconciled monthly.
7. Petty cash funds should never be co-mingled with personal funds under any circumstances. Under no circumstances should the petty cash custodian borrow from petty cash for any reason. Violation of these rules or the abuse of petty cash for unauthorized use may result in dismissal.

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Policy #: 2.07 *Travel & Related Expenses and Other Expense Reimbursements*
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to reimburse business related mileage at a rate not to exceed the approved Internal Revenue Service rate, to pay a reasonable amount for business related meals and travel costs and to pay coach fare for all airline travel. The mileage rate and limits for other travel related expenses will be reviewed and updated by the Executive Director as necessary prior to the beginning of each fiscal year.

Purpose

To provide guidelines for reimbursement of legitimate travel expenses.

Procedure

1. A check for an advance for travel is requested by the Executive Director, if required.
2. Mileage may be reimbursed at the rate established by the Executive Director at the beginning of each fiscal year, not to exceed the mileage rate established by the Internal Revenue Service.
3. Meals for business related travel will be reimbursed with documentation of expenses with receipts. The maximum rate for reimbursement of meals cannot exceed applicable state rates. All employees are expected to use good judgment and be prudent when using agency funds for business related meals.
4. In no case does FAAE reimburse employees for the cost of alcoholic beverages while traveling on agency business.
5. Out of town travel reimbursements include taxi fares, meals, tolls, luggage handling tips, parking fees, tolls, phone calls made for business purposes, and lodging. These expenses must be supported with receipts or written documentation.
6. Upon completion of the travel, a *Travel and Expense Reimbursement Form* must be completed and the amount for the advance deducted from the total due. Expenses must be supported with receipts or other written documentation. If the amount of the advance exceeds the amount of actual expenses incurred, the employee should issue a personal check to FAAE to return excess funds.
7. If a staff member chooses to fly first class or business class rather than coach, the employee is responsible for the cost difference between the two and must pay FAAE the difference prior to the reservations being finalized.
8. The Executive Director will quarterly send his *Travel and Expense Reimbursement Form* with supporting documentation to the Board Treasurer.
9. The Board Treasurer will review the expenses, initial and send back documentation as evidence of his review and approval.

FAAE – Policies & Procedures Manual

Policy # 2.08 Sales Tax
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to require use of the sales tax exemption certificate when use of the certificate is practical and feasible. The use of FAAE sales tax exemption certificate for personal purchases is prohibited.

Purpose

To ensure the organization is utilizing the benefit of its sales tax exemption whenever possible.

Procedure

1. It is the responsibility of the Executive Director to make sure that all staff has access to the tax exemption certificate as needed. It is the responsibility of each employee to make sure that all purchases are made using the sales tax exemption certificate.
2. Employees are required to utilize the organization's sales tax exemption certificate whenever making purchases on behalf of the organization whenever it is feasible.
3. Sales tax will not be reimbursed to staff that choose to make purchases without utilizing the sales tax exemption certificate.
4. Staff using agency credit accounts or gift certificates who chooses not to use the sales tax exemption certificate must reimburse the agency for sales tax paid.

FAAE – Policies & Procedures Manual

Section 3 - Revenue

Policy #: 3.01 Cash Receipts

Effective Date:

Revision Date:

Approved By:

It is the policy of FAAE that all receipts are 1) endorsed and documented, 2) maintained in a secure place prior to deposit, 3) deposited as soon as possible and 4) recorded correctly in QuickBooks.

The cashing of checks payable to FAAE is prohibited.

All funds are to be received by FAAE at the P.O. Box in Orlando or are wired to FAAE bank accounts.

Purpose

To enable cash receipts to be collected using appropriate internal control procedures to safeguard the assets of the agency.

Procedure

1. All mail is opened from the P.O. Box in Orlando by the Executive Director approximately once a week.
2. Checks are stamped for deposit only and listed on the Cash Receipt Log.
3. A copy is made of all checks received which are attached to a copy of the deposit slip and validated deposit ticket.
4. All deposits are then entered into QuickBooks by the accountant to the correct revenue account.

FAAE – Policies & Procedures Manual

Policy #: 3.02 *In Kind Contributions*
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE that all in-kind contributions be documented and acknowledged. FAAE will not assign a value to the donation. In-kind contributions will be used, given away or sold depending on the following circumstances:

- a. Donor's intent for the gift
- b. FAAEs' need for the gift
- c. If FAAE cannot use the gift and it has resale value, it will be sold

Purpose

To provide a consistent method of receiving, recording and if necessary disposing of non-cash gifts.

Procedure

1. When a non-cash gift is accepted, the Organization should provide an acknowledgement letter. Staff is prohibited from assigning a value to the donation.
2. Donated items with a value in excess of \$1,000 will be recorded as contributions at estimated fair market value at the date of receipt.
3. All in-kind gifts of real estate, vehicles, or those valued at more than \$5,000 require approval of the Executive Director.

FAAE – Policies & Procedures Manual

Policy #: 3.03 *Submission of claims & invoices*
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to require documentation of all services/expenditures billed to funders and third party payors prior to submission of claims or invoices. Claims and invoices are to be submitted in a timely manner and in agreement with contractual guidelines. Outstanding amounts are to be reconciled to the general ledger control account on a monthly basis. In the event of an overpayment to FAAE, a refund will be processed within thirty days.

FAAE will determine the basis for all denials of payment or coverage and follow up with timely appeals.

Purpose

To provide guidelines for billing funding sources and other third parties for services provided by FAAE.

Procedure

1. For performance contract or fixed rate billing contracts, the Executive Director or other designated staff will obtain census or unit documentation from the appropriate program staff and use that information to prepare invoices in contractually required formats.
2. For reimbursement based contracts, the Executive Director or other designated staff will gather payroll data and other actual expenses for the program from QuickBooks for billing.
3. Once all invoices have been prepared, the Executive Director will review the invoice.
4. An entry to grants or accounts receivable and the appropriate revenue account will be recorded in QuickBooks by the Accountant.
5. Once a month, the Accountant prepares a detailed listing of outstanding invoices using the Aged A/R Detail report and follows up with the Executive Director and the funder on any invoices older than 30 days.

FAAE – Policies & Procedures Manual

Policy# *3.04 Uncollectible Receipts*
Effective Date:
Revision Date:
Approved By:

In the event that payment for services provided is deemed to be uncollectible, it is the policy of FAAE to require these write-offs to be approved in writing by the Board of Directors and to be recorded appropriately in the financial records.

FAAE – Policies & Procedures Manual

Policy #: 3.05 Special Events
Effective Date:
Revision Date:
Approved By:

It is the policy of the Organization that any funds received at Special Events will be handled by two independent individuals.

Purpose

In order to help ensure that funds are not misappropriated all funds received at special events will be collected and counted under dual control.

Procedure

1. Any funds received at a special event will be logged into a receipt book and signed by the individually donating the funds and two staff members accepting the donations.
2. All credit card transactions will have two receipts printed: one for the donor and one for the Organization.
3. At the end of the night all cash and checks will be counted by both individuals and a total will be documented on the special event donation form and with signatures of both independent individuals.
4. The total counted should be reconciled to the totals per the receipt book.
5. Credit card receipts should be totaled and documented on the special event donation form.
6. Cash, checks, credit card receipts, the receipt book, and the special event donation form should then be provided to the Executive Director for depositing of cash and checks and review.
7. The accountant will reconcile amounts deposited to amounts received, including credit card transactions.
8. All documents supporting the deposits should be maintained on file for audit review.

FAAE – Policies & Procedures Manual

Section 4 - Budgeting and Financial Reporting

Policy #: 4.01 Annual Budget
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to develop a written budget that serves as a plan for managing its fiscal resources that is reviewed and approved by the Board of Directors prior to the beginning of the fiscal year. The budget process includes participation of both management, staff, and the Board of Directors and is based on:

- a. Assessment of the annual budget in relation to strategic planning
- b. Comprehensive assessment of the organization's programs
- c. Allocation of direct and indirect operating expenditures
- d. Contractual requirements
- e. Potentially changing costs and conditions
- f. Anticipated funding streams during the year

The board will review and approve all revisions to the budget and will evaluate compliance with the budget by reviewing budget to actual variance analyses on a periodic basis (see *4.02 Financial Statements*).

Purpose

To provide financial guidelines for the agency to operate within and a management tool for measuring the financial progress of the agency.

Procedure

1. The Executive Director begins the budget procedure four - six months prior to the beginning of the fiscal year.
2. The Executive Director prepares a salary, employee, and contractor detail schedule and accumulates the data into a draft budget.
3. The Executive Director bases revenues on the most current information available at the time of budget planning.
4. The Executive Director and the Treasurer review the draft budget and make any revisions. Once those revisions have been made and the Executive Director and the Treasurer has given their final approval, the Executive Director presents the budget to the Board of Directors.
5. After the Board of Directors approves the budget, the accountant enters the budget into QuickBooks.
6. During the seventh month of the fiscal year, the Executive Director will review budget to actual documents for the first six months of the fiscal year and determine if a formal budget revision needs to be done.

FAAE – Policies & Procedures Manual

Policy #: 4.02 *Financial Statements*
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to require presentation of a complete set of financial statements: statement of activities (income statement) and statement of financial position (balance sheet) prepared on a cash basis throughout the year and adjusted to an accrual basis and in adherence with U.S. generally accepted accounting principles at year end. The income statement will reflect a comparison of budget to actual revenues and expenses for the current period and the year to date.

Purpose

To provide financial statements for the proper monitoring of the Organization's activities and financial condition.

Procedure

1. Monthly the accountant prepare a Statement of Financial Position as of the month end, a Statement of Activities for the month end and year to date, a Budget to Actual report for the year to date, and a report of all journal entries.
2. The accountant will submit the reports to the Executive Director for review.
3. The Executive Director will present the financials to the Board for review at the monthly Board meeting.

FAAE – Policies & Procedures Manual

Section 5 - Payroll

Policy #: 5.01 Staff Payroll

Effective Date:

Revision Date:

Approved By:

It is the policy of FAAE to require 1) documentation and authorization of hours worked and leave taken before disbursement is made; 2) written authorization of employee status changes; 3) that payroll disbursements be made either by check or direct deposit; and 4) that the organization's payroll practices comply with local, state, and federal regulations.

Purpose

To ensure that payroll disbursements are made only upon proper authorization to bona fide employees and that payroll disbursements are properly recorded.

Procedure

For Employees and Contractors

1. Payroll is processed monthly by the Executive Director for the current month's salary.
2. Payroll is processed through a check request for the Executive Director's and contractors' salaries.
3. Check requests and/or invoices are required to have time allocated to the program and/or grant for which time was incurred in accordance with State and Federal guidelines.
4. The accountant records the transactions in QuickBooks from the payroll reports and allocated time to the proper program and grant.
5. The Executive Director's salary is set by the Board of Directors.

FAAE – Policies & Procedures Manual

Policy #: 5.02 Payroll Taxes
Effective Date:
Revision Date:
Approved By:

It is the policy of FAAE to pay all payroll-related taxes within the time frame established by state and federal guidelines and to submit all tax related reports in a timely manner.

Purpose

To ensure that FAAE complies with payroll tax related deadlines.

Procedure

1. Currently all the employees of the Organization are contract employees and responsible for their own payroll taxes.
2. The Organization files a Form 1099 for all contract employees paid \$600 or more during the calendar year.
3. It is the responsibility of the Executive Director to resolve any payroll tax issues with the IRS within the required timeframe.
4. The Organization is exempt from Federal Unemployment Tax.
5. The Organization is currently exempt from Florida State Unemployment tax as it has less than 4 employees.