



TITLE: FISCAL MANAGEMENT

POLICY 4.0

Rev. July 2015

PURPOSE AND SCOPE:

This policy outlines the procedures Kokua uses to ensure sound financial management.

A. RESPONSIBILITY FOR FINANCIAL OVERSIGHT

The Board of Directors formulates financial policies and delegates the administration of the financial policies to the Administrator and reviews operations and activities. The Administrator has management responsibility, including financial management.

B. SEPARATION OF DUTIES

To minimize the risk of embezzlement or theft, all financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts; disbursements; payroll; reconciliation of bank accounts; etc. A chart outlining the financial duties of individual job positions is included as Appendix A of this policy.

C. APPOINTMENT OF AN OUTSIDE ACCOUNTING FIRM

Kokua will use the services of an outside accounting firm to maintain its financial journals, provide monthly financial reports, process payroll and prepare tax reports, complete the annual Developmental Disabilities Administration Cost Report and to provide the Administrator and the Board with such other reports as are deemed necessary for financial planning purposes.

D. INSURANCE COVERAGE

Blanket employee dishonesty coverage of at least \$50,000.00 will be maintained.

E. CASH RECEIPTS

The Business Operations Coordinator will open the mail addressed to Kokua and will record all checks received in a Cash Journal. Cash receipts for the Kokua Business Account will be forwarded to the Administrator, who will lock them in the fire proof safe until they are deposited. Cash funds received for purposes such as COBRA payments will also be recorded in the Cash Journal. A duplicate written receipt will be given to individuals who pay in cash. The duplicate receipt book will be kept with the Cash Journal.

F. DEPOSITS

All receipts should be deposited intact. No disbursements will be made from cash or check receipts prior to deposit.

All checks for deposit will be stamped "PAY TO THE ORDER OF KOKUA" with a stamp indicating the account to which the funds are to be deposited. All deposits must be photocopied and faxed to the accountant. The original deposit slip will be stapled to the photocopy of the deposit and these will be filed in chronological order in the manual check register file.

G. REVIEW OF CASH RECEIPTS

On a quarterly basis, entries in the Cash Journal will be cross checked with the documentation of bank deposits. This process will be done by a staff person or volunteer who does not make bank deposits.

H. CASH DISBURSEMENTS

All invoices for payment will be reviewed by the Business Operations Coordinator for accuracy, validity and appropriateness. All requests for mileage reimbursement will be reviewed and approved by the employee's supervisor prior to being forwarded to the Business Operations Coordinator. The Business Operations Coordinator will forward the invoices to the accountant for payment. Checks prepared by the accountant will be signed by the President, Vice President or the Board Chairperson. Disbursement checks must be signed by the President, the Vice President or the Board Chairperson.

Invoices that are time sensitive may be paid by manual check at the discretion of the Administrator. Manual checks must be written on checks with a duplicate carbon. All manual checks will be recorded on a monthly ledger. The manual check ledgers are faxed to the accountant after the end of the month.

Purchases over \$250.00 must be pre-authorized by the Administrator.

A written contract must be in place for all long-term contracted services. As designated by the Board of Directors, only the Administrator has authority to sign contracts obligating agency funds. Consultants and other short-term contracts must complete a Personal Services Contract and submit a Form 1099. A Statement of Work, including maximum consideration, will be completed prior to the commencement of any project.

I. CHECKS

The Administrator will store all blank agency checks and all check carbon copies in a locked fireproof safe in a locked office. Voided checks will be stapled to the check carbon.

J. PETTY CASH

A Petty Cash Fund of \$50.00 or less will be kept by the Business Operations Coordinator. Petty Cash Funds will only be used for small purchases requiring cash. A monthly Petty Cash Ledger will be kept which records all disbursements. Receipts will be stapled to the Ledger. The Petty Cash Ledgers will be reconciled monthly by a Team Support Specialist or volunteer. Any discrepancies should be brought to the attention of the Administrator within three working days.

K. STAFF COMMUNITY INTEGRATION FUNDS

Checks for Community Integration (CI) Funds may be made out to "Cash" for a maximum of \$20.00 (unless the staff person is accompanying a client on vacation.) All checks for CI funds must be approved in writing by the Administrator and the person receiving the check must sign to acknowledge receipt of the check.

All cash for CI funds are to be entered on a CI Ledger. Receipts for purchases must be stapled to the ledger. To receive a replenishment of CI funds, the previous month's ledger and receipts must be turned in to the Business Operation Coordinator. Any discrepancies will be brought to the attention of the Administrator within three working days.

L. BANK RECONCILIATIONS

Kokua business account bank statements will be received directly by the Administrator. The Administrator will fax copies of the statements to the accountant who reconciles the statements. The bank statements will be stamped to affirm they have been faxed. The statements will be filed in chronological order. Two years of business bank statements will be kept on site. Statements older than two years will be sent to archives.

Kokua Client Account bank statements will be received directly by the Client Finance Coordinator. The Coordinator will reconcile the bank statement and will fax the bank statement to the accountant. The bank statements will be stamped to affirm they have been faxed. The statements will be filed in chronological order in the bank statement files. Two years Client Account bank statements will be kept on site. Statements older than two years will be sent to archives.

M. PAYROLL

All hourly employees are responsible for completing a timesheet on a weekly basis. All time sheets must be signed by the employee. Timesheets will be reviewed for accuracy by the individual's supervisor, who will sign the timesheet to affirm that it is correct. Timesheets will be turned in by the time specified in current procedure. No payroll checks will be issued without a signed timesheet. Terminated employees, whether voluntary or involuntary, will be paid on the regular monthly payday.

The Business Operations Coordinator or designee enters the timesheet data into Payroll Database. The Business Operations Coordinator compiles a payroll report for the accountant, who processes the payroll, prints the payroll checks and completes the direct transfer of federal withholding taxes. Kokua's regular payday is the tenth of the month following the end of the pay period. If pay day falls on a weekend, Kokua will attempt to pay employees on the Friday before the weekend. Because the payroll is processed by an outside accounting firm, Kokua cannot guarantee that this timeline will always be met.

Employees may elect to have direct deposit of their wages. Employees desiring direct deposit will meet with the Administrative Assistant who will assist them to complete the necessary forms. Employees who prefer a payroll check will pick their check up in the office on payday. Employees will sign a roster affirming they have received custody of their check. Payroll checks will not be given out to a third party unless an employee has made a prior arrangement with the office to do so. An employee who is experiencing a bona fide emergency may request a draw on the current month's earned wages. The employee should bring a copy of their timesheet to the office to verify that they have worked sufficient hours to cover the amount of their draw request. Employee draws are given at the discretion of the Administrator. Draw requests may be denied if the employee has made multiple draw requests or if the amount requested would leave the employee in an untenable financial position in the following month.

N. INVENTORY

The Business Operations Coordinator will maintain an up-to-date written inventory of property owned by Kokua. An entry will be made whenever equipment is disposed of or added. This inventory will be faxed to the accountant on a yearly basis in advance of the filing of the Thurston County Property tax. The accountant will prepare a depreciation schedule at least annually.

O. LEASES

The Administrator will review all routine equipment leases. All leases, clearly defining terms and conditions, will be approved and signed by the Administrator.

The Administrator will keep a copy of all leases on file. The accountant will be informed of the terms and specifications of each lease and will make proper journal entries for same.

P. INSURANCE

Reasonable, adequate insurance coverage will be maintained to safeguard the assets of the corporation and to meet contractual requirements. Such coverage will include at least property and liability, employee dishonesty, Directors and Officers and an ERISA Fidelity Bond.

The Administrator will carefully review coverage before renewal. The Administrator will maintain a file of insurance coverage. The Administrator will notify the insurer in a timely manner whenever a significant loss occurs.

Q. GRANTS AND CONTRACTS

The Administrator will carefully review each award and contract to ensure compliance with all financial and programmatic provisions. Original copies of all grants and contracts will be kept on file. The accountant will prepare initial entries as appropriate to record each award. Different account codes will be used to track revenue and expenditures for different programs. The Administrator will be responsible to insure that all financial reports are submitted on a timely basis.

R. ANNUAL AGENCY BUDGET

The Administrator will prepare a draft of agency's yearly budget and present it to the Board Finance Committee for review. The Finance Committee will make recommendations to the full Board based upon their review of the draft budget. The Board is responsible to approve a new budget prior to the end of the calendar year.

The Finance Committee will review financial reports prepared by the accountant at least quarterly. The Finance Committee may also request other reports from the Administrator or the accountant as deemed necessary to fulfill their fiscal oversight responsibilities.

S. IRS FORM 990

The IRS Form 990 will be reviewed by the Board of Directors prior to submission. The Administrator will sign and submit the Form 990. The most current year's Form 990 will be posted on the Kokua website.

T. ACCOUNTS RECEIVABLE

The Administrative Assistant will maintain records of all accounts receivable. The Administrative Assistant will work with contractors to assure that payments are correct and are received in a timely manner.

U. AUDIT

Kokua's Board of Directors will contract with an independent auditing firm for a full audit of the books yearly. The Finance Committee of the Board will review the results of the audit and make recommendations to the full Board.

V. FISCAL AGENT STATUS

All fiscal sponsorship arrangements, must be approved by a vote of the full Board. Fiscal sponsorship arrangements must have a written agreement, stating the terms of the relationship and the purpose for the use of funds. Fiscal sponsorships will be limited to projects for which the Board determines are charitable and are consistent with Kokua's mission. Such projects must strengthen the nonprofit sector and present no real or perceived conflicts of interest exist with board or executive committee members.

Kokua will negotiate with the sponsored project a rate for indirect or direct costs to cover Kokua's expenses of administering the temporarily restricted fund. Sponsored projects will be required to submit full and complete quarterly and year end reports to Kokua's Board of Directors by the end of the Kokua's fiscal year, December 31st.

Reports must include:

- detailed expenses using budget categories for original grant;
- program accomplishments and activities;
- lobbying expenditures; and
- the amount of remaining funds.

Any changes in the purpose for which grant funds are spent must be approved in writing by the Kokua's Board of Directors before implementation. Kokua retains the right, if sponsored project's breaches the fiscal sponsorship agreement, or if a sponsored project jeopardizes the Kokua's legal or tax status, to withhold, withdraw, or demand immediate return of grant funds.

The Administrator and the Development Director will submit quarterly reports to the Board on the status of active fiscal sponsorships. Kokua will file appropriate tax forms for sponsored projects, including IRS form 1099.

W. KOKUA CLIENT ACCOUNT

Kokua will maintain a checking account dedicated to client-related transactions to prevent the co-mingling of Kokua funds and client funds. The Client Account will primarily serve as a pass through account. Examples of the type of transactions for which this account will be used are:

1. Client start-up funds when a new household is forming
2. SSP Payments
3. Client allowance reimbursements
4. Loans to clients
5. Emergency purchases made on behalf of a client
6. To pay move out expenses incurred by a client.
7. To receive repayments from clients.

Access to the Client Account will be limited to the Administrator and the Client Finance Coordinator. The Client Finance Coordinator may use a debit card associated with the Client Account to make on-line purchases for clients or to secure reservations for a client who will be going on vacation. Charges incurred on the debit card are then repaid from the clients' payee accounts. Loan agreements signed by the clients or their guardians will be kept for all client loans. Backup documentation in the form of receipts and copies of repayment checks will be kept for all transactions.

The Client Finance Coordinator will reconcile the Client Account bank statement monthly. The Client Finance Coordinator will also fax copies of the manual check ledger and the back statement to the accountant monthly. The accountant will reconcile the Client Account subsidiary ledger monthly and will notify the Administrator if there are any irregularities.

While Kokua completes loan agreements with clients and has the expectation that loan payments will be made regularly, sometimes a client's financial situation may change during the course of a year, making repayment difficult. At the close of every fiscal year the Administrator will review the subsidiary ledger of client loans to determine if any of the loans should be written off as an unreimbursable client expense.

All blank checks and checkbooks present in the Client Financial Office will be kept in locked cabinets when not in use.

X. BUSINESS VISA ACCOUNT

Kokua will maintain a business VISA account for purchases that must be pre-paid on-line or over the phone. The card may also be used for purchases of office supplies or incidental items. VISA card privileges will be limited to the Business Operations Coordinator, the Administrator and the Program Coordinators. Receipts will be kept for all purchases.

The Administrator will do a monthly reconciliation of the VISA charges against the receipts to verify the validity of the charges. The Administrator will write the account code for each purchase on the VISA bills so that the accountant can charge the purchases to the correct account.