

ICOIL Fiscal Management Policies & Procedures

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Overview

Contracts and activities funded fully or in part by federal funds, in addition to meeting all the requirements of these guidelines, shall meet all applicable federal laws and standards and shall contain all necessary clauses required by federal statutes, rules or regulations. The burden of complying with federal regulations shall rest with the using agency.

Accounts: Payable

POLICY: To maximize cash flow at the least expense to the organization and to maintain agreements with vendors, the Executive Director shall control the timely payment of all expenses. Manual checks are issued from the ED's office only for approved purchases when checks are needed outside the normal check cycle. For the purchase of items costing \$1,000 or more three bids must be obtained.

PROCEDURE FOR REGULAR OR SPECIAL ACCOUNTS PAYABLE:

1. The Executive Director receives invoices, attaches purchase orders behind invoice. The original purchase order is attached to the final invoice.
2. The Executive Director writes the general ledger account and sub account on the invoice, updates the spread sheet ledger, pays the invoice and enters information into the accounts payable system.
3. The Executive Director processes invoices for payment and generates checks (payment can be made electronically or by manual checks) on a 30 day cycle.
4. The Executive Director reviews the manual checks and verifies the following information:
 - a. correct and valid purchase order is associated with the payment
 - b. amount of check agrees with documentation
 - c. will make sure the expense has been properly coded to the general ledger account and sub account
5. The Executive Director signs manual checks. The Executive Director
 - a. will get a second signature from one of the designated ICOIL members if the check is over \$500.00
 - b. Confirms the recording of the payments in the electronic spreadsheet ledger.
6. After all checks have been disbursed; the Executive Director files the check documentation and transmittal sheet.

Accounts Receivable

POLICY: Invoices for fees for services and contract drawdown requests are prepared, submitted and collected on a monthly basis

FEES FOR SERVICE PROCEDURE:

1. On a monthly basis, the Executive Director and any vendor who has provided the service completes the invoice by preparing the ICOIL's approved claim form.
2. The completed form is given to the ICOIL chairperson for final approval, signature, & date.

3. The Executive Director makes two copies of the signed form one for his/her files and one for the IL Program Director. The Executive Director writes the general ledger account and sub-account numbers.
4. The IL Program Director mails or emails the original invoice to the agency being billed on a monthly basis.

PROCEDURE FOR FOLLOW UP AND COLLECTION OF ACCOUNTS RECEIVABLE:

1. The Executive Director follows up on collection for any items that are 60 or more days old.
2. Before the close of each Federal fiscal year, the Executive Director and the ICOIL Treasurer take any uncollectible accounts receivable to find a recommendation to resolve outstanding claims.
3. The council will establish a policy for outstanding claims.

Audit

POLICY: An annual audit of the ICOIL shall be performed by an independent certified public accounting firm selected by ICOIL. The audit shall be completed by December 31st of each year.

PROCEDURE:

The type of audit and the duration that ICOIL may continue to use the same firm to perform the audit will generally be determined by the types of funding and funding sources for each year. At least three bids will be obtained when changing auditors. At a minimum, a financial statement audit will be performed each year. The Executive Director and ICOIL Treasurer shall prepare work papers and provide assistance to auditors as necessary.

Banking

POLICY: The ICOIL maintains the minimum number of accounts needed to manage their funds and has sufficient internal controls to ensure that the accounts are used properly.

PROCEDURE:

1. Access to any accounts will occur by passwords which will be created by the Executive Director. The password(s) will be given to the Executive Director and the ICOIL Treasurer and Chairperson.
 - a. Upon resignation or termination , the Executive Director will immediately eliminate the existing passwords and will create a new password for each account, which will be immediately given to the ICOIL Treasurer and chairperson
 - b. Upon resignation or termination or change of staff in the position of Executive Director the ICOIL Treasurer will immediately eliminate the existing passwords and will create a

- new password for each account, which will be immediately given to the new Executive Director, and the ICOIL chairperson.
2. To assure proper fiscal management of all banking activity (including payables, receivables, line of credit):
 - a. the ICOIL accounts activities will be reviewed by the ICOIL Treasurer at least on a monthly basis.
 - b. the ED and ICOIL Treasurer will review activity in all of the ICOIL accounts At least monthly.
 3. Bank statements received in the mail are forwarded unopened to the Executive Director
 4. The Executive Director reconciles bank accounts monthly, including inspecting the manual canceled checks for proper signature / endorsement.
 5. The Executive Director and designated ICOIL members are authorized to sign manual checks, and make withdrawals from the savings account (with 2 signatures).
 6. Two signatures are required on all manual checks over \$500.00
 7. Safety Deposit Box
 - a. may contain documents and other items as determined by the Executive Director, Council Chairperson or other action by the Council
 - b. must have at least two signatures on record allowing access to the box, one of which must be a Council Treasurer.
 - c. a list of the box contents must be maintained by the ED and the Council Treasurer.
 - d. any other access to the safe deposit box shall be determined by action of the Council.

Budgeting

POLICY: In order to manage the finances of the ICOIL, an annual budget is prepared, monitored and updated. Prior to the beginning of each Federal fiscal year an annual budget is developed that is approved by the Council.

PROCEDURE:

1. The Executive Director develops an annual budget based on already established accounts and sub-accounts.
2. The budget is to be presented to the ICOIL Executive Committee for review and approval.
3. The final budget is presented to the entire council for final approval at least 30 calendar days before October 1st of each year.
4. As changes arise, the Executive Director updates the budget to account for known differences from the approved budget and will keep the council informed.
5. Periodically as it is determined that it would be helpful the Executive Director, with the help of the ILCOIL Treasurer prepares a "budget to actual" report.
6. The council must approve proposed changes in the budget, should the line item or cross line item adjustments exceed 5% of the total budget.

Cash Receipts

POLICY: All cash / check receipts are recorded on the income log and deposited in a timely manner. Internal control structure is set up so that duties are properly separated.

PROCEDURE:

1. The Executive Director receives all moneys, either through the mail or from individuals records it on the income log (source and amount) and notifies the ICOIL Treasurer within one (1) business day.
2. The Executive Director copies checks stamps checks with endorsement stamp (which will specify into which account the deposit will be made). The stamp should contain the following information:
PAY TO THE ORDER OF
_____ Bank
Account #
FOR DEPOSIT ONLY
3. The Executive Director takes deposit to the bank within one business day, and gets a copy of the deposit slip To the ICOIL Treasurer the Executive Director records on the income log that the deposit has been delivered to the bank.
4. After the end of the month, the income log is given to the To the ICOIL Treasurer by the Executive Director.

Consultant and Contract Services

POLICY: The ICOIL will utilize consulting services as it relates to business necessity.

PROCEDURE:

1. Consideration will be made of internal capabilities to accomplish services before contracting for them.
2. Written contracts clearly defining work to be performed, terms and conditions will be maintained for all consultant and contract services.
3. The qualifications of the consultant and reasonableness of fees will be considered by ICOIL before hiring consultants.
4. Consultant services will be paid for as work is performed or as delineated in the contract.
5. The council will approve all contracts.
6. The Executive Director will prepare 1099 returns for consultants at year end if required.

Credit Card

POLICY: ICOIL will not apply for or use a credit card(s) in the name of the Council, i.e., as a corporate credit card. Reimbursement may be made for approved expenses incurred by Council members and ICOIL staff that are charged to a personal credit card.

PROCEDURE:

Reimbursement for approved expenses charged to a personal credit card by Council members or staff shall be governed by Fiscal Management Policy and Procedure Travel and Expense Reimbursement for Staff and the Council.

External/Regulatory Reporting Requirements

POLICY: Reports to federal and state agencies shall be submitted according to the schedule requirements of each agency.

PROCEDURE:

1. The Executive Director prepares and files the following reports by the end of the month following the end of each calendar quarter:
 - a. IRS form 941 Employers Quarterly Federal Tax Return (with payment if necessary)
2. The Executive Director prepares and files the appropriate state tax form(s) for employee state tax withheld by the 25th of the month for the previous month's withholding taxes.
3. The Executive Director prepares IRS Forms W-2 Wage and Tax Statement and 1099-MISC Miscellaneous Income, distributes to recipients by January 31 and files with the IRS by the last day of February.
4. The Executive Director prepares IRS Form 990 Return of Organization Exempt from Income Tax and the appropriate state form for a corporation, within four months and fifteen days of the end of the fiscal year. Copies are filed in ICOIL's permanent records.

Fiscal Calendar

POLICY: The fiscal year begins October 1 and goes through September 30. The Executive Director is aware of and meets all important deadlines regarding fiscal matters. This includes tax filing dates, payroll reporting and banking requirements, etc.

PROCEDURE: An updated "Fiscal Responsibility Calendar" is prepared by the Executive Director by July 1 each year and is distributed to council to be included in their copies of the fiscal policies and procedures.

Fiscal Management

POLICY: In order to provide effective and efficient operation of the internal financial process of the ICOIL, and to protect any assets, there shall be a written manual of fiscal policies and procedures. 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. All assets will be used only for official purposes.

PROCEDURE:

1. The Fiscal Policies and Procedures Manual shall cover the ICOIL's entire fiscal activities and shall be updated annually or more often if conditions require.
2. ICOIL will maintain its accounting records on the cash basis in a manner that facilitates the preparation of audited financial statements conforming to generally accepted accounting principles.
3. If appropriate Professional financial service providers will be established annually which will include accounting software, payroll services, insurance, banking, restricted investments and retirement services, and auditors.
4. ICOIL will utilize a double entry system for accounting for all funds which will involve the ED keeping a contract management electronic spreadsheet ledger to manage income, expenditures, and balances.
5. At the end of each month, the Executive Director and the ICOIL Treasurer will prepare a Balance Sheet, Statement of Activities, and Statement of Activities by Project and/or category.
6. The Executive Director will back up all electronic financial records at least once a week.

Fixed Assets

POLICY: ICOIL capitalizes all fixed asset purchases of \$500 or more and keeps an up to date record of the assets.

PROCEDURE:

1. All fixed asset purchases must go through the three bid process described in the purchasing policy.
2. The Executive Director will maintain an inventory log; which shall list a description of the item, date of purchase or acquisition, price or fair value of the item and its location, and any disposals.
3. The Executive Director will keep the depreciation schedules current. ED notifies the ICOIL Executive Committee of purchases and sales or dispossessions.
4. The Executive Director keeps journal entry to record depreciation (every 60 days).
5. Once annually, Executive Director and the ICOIL Executive Committee review fixed asset schedules.

Flat Benefit Rate

POLICY: As necessary a flat benefit rate will be developed which is applied to gross salaries in order to simplify the recovery of employee benefits from contracts/funding sources.

PROCEDURE:

The Executive Director prepares the flat benefit rate using the following methodology:

1. During the budgeting process, total salaries for the coming Federal fiscal year and expenses for the following items are projected:
 - Employee Health Insurance Benefit
 - State Unemployment Tax
 - Employer portion of Medicare and Social Security Taxes
 - Workers Compensation Insurance
 - Employee Liability Insurance
 - Board Liability Insurance
2. The total of these expenses equals Total Benefits. Total benefits divided by total salaries determines the flat benefit rate to be applied to gross salaries and charged to contracts/funding sources.

The Executive Director accounts for flat rate benefits in the following way:

Actual amounts for the benefit expenses are coded as debits to the respective expense accounts with the funding source and department as administration or "no specific source" and credits to the respective liability accounts. When the salaries to be charged to each funding source are determined each month the flat benefit rate is applied to gross salaries and each contract is charged the resulting amount.

In the general ledger these amounts are debits to the flat rate benefits account with the sub account for that particular funding source. All credits for these entries are also to the flat rate benefits account with administration or "no specific source" as the sub account. The end result is that all actual expenses are increases to benefit expense accounts in administration or no specific source sub accounts. This amount is offset by a credit in the flat rate benefits account, administration or no specific source sub account.

Fundraising

POLICY: Funds and/or in-kind goods or services may be collected for ICOIL operations and activities to support the mission and purpose of the Council. ICOIL may solicit contributions from state and federal sources, businesses, corporations, foundations, individuals, and groups and shall ensure the responsible use of funds and/or in-kind goods or services with open and

transparent communication with contributors and its constituents. In accordance with OMB Circular A-122 Federal funds will not be used for fund raising.

PROCEDURE:

1. All fund raising activities must comply with all federal¹, state, and/or local laws and regulations regarding fund raising, including any necessary registration or reporting.
2. ICOIL will solicit support only for projects and activities that are consistent with its mission and long-range plan.
3. All fund raising activities shall be coordinated with the ICOIL Executive Committee.
4. The council must approve any contribution from any entity in excess of \$5,000. Following receipt of a recommendation from the Executive Committee, or any other board-authorized committee, the ICOIL Treasurer and the Executive Director shall review and act upon the proposed contribution.
5. ICOIL retains final approval of all uses of its name and logo.
6. ICOIL will accept support for professional/consumer meetings and symposia only when the program content is consistent with its mission and purpose.
7. ICOIL will maintain complete control of all funds provided from commercial or other contributions to support its operations and activities.
8. ICOIL will provide appropriate recognition of corporate and foundation support and will be vigilant to ensure that such funding for its activities and operations is not interpreted as an endorsement by the ICOIL of a business or product.
9. A disclaimer stating that ICOIL does not endorse products, services, or publications shall be prominently displayed at all ICOIL functions for which corporate or foundation support has been accepted and in publications in which advertising is accepted.
10. ICOIL will ensure that all corporate and foundation donors are provided a copy of ICOIL Policies and Procedures regarding fund raising.
11. Any monies received pursuant to this policy shall be spent in a manner consistent with the mission of ICOIL.
12. The Executive Director is responsible for the collection, disbursement, and accounting of any funds or in-kind goods or services received within the auspices of these fund raising policies and procedures, including a report(s) to a donor(s), as necessary or appropriate.
13. The Executive Director shall provide a written acknowledgement to any organization or individual that provides cash or property.

Insurance

¹ OMB Circular A-122, Attachment B, Item 17(a) prohibits the charging of federal grants for the cost of fundraising: "Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions are unallowable."

POLICY: Reasonable, adequate coverage will be maintained to safeguard the assets of the ICOIL. Such coverage will include property and liability (including Directors and Officers liability), worker's compensation, employee dishonesty and other insurance deemed necessary.

PROCEDURE:

1. The Executive Director will review insurance policies before renewal.
2. The Executive Director will maintain insurance policies in insurance files.
3. The Executive Director will prepare and maintain an insurance register.

Internal Financial Management and Reporting

POLICY: The Executive Director and the ICOIL Treasurer work together to monitor the ICOIL's financial position and the integrity of their financial data in order to have accurate and meaningful information available to manage the Council.

PROCEDURE:

1. The Executive Director and ICOIL Treasurer produce financial statements and special reports as required by the council by the end of the 1st week each month for the prior month.
2. ED (or other responsible party designated by the ED) reviews and signs off on the following each month:
 - Bank Reconciliation
 - Accounts Receivable
 - Accounts Payable
 - General Journal Entries
 - An overview of financial position
3. The Executive Director and ICOIL Chairperson works with funding agencies to negotiate contracts and ensure that they are correct and in place on time. The Executive Director works with funding agencies to negotiate any amendments that are required and to clarify any questions that may arise.
4. The Executive Director works with the council chair to prepare the total and individual contract budgets. The Executive Director is responsible for the fiscal and programmatic management of the contracts. The Executive Director monitors amounts spent and available as compared to contract budgets by keeping an up to date record of balances in line items and approving all charges to contracts.
5. The Executive Director works to prepare budgets and accounts for the financial position. The Executive Director and ICOIL Treasurer are responsible for all internal and external reporting requirements.

Leases

POLICY: The ICOIL will acquire leases for office space and equipment in order to efficiently perform the operations of the non-profit.

REAL ESTATE PROCEDURE:

1. The ED will review leases prior to submission to the council for approval.
2. All leases, clearly delineating terms and conditions, will be approved by the council and signed by the council Chair.
3. The Executive Director will keep a copy of each lease on file.
4. The Executive Director will make proper journal entries for each lease and will make proper general journal entries for same.

LEASED EQUIPMENT PROCEDURE:

1. The Executive Director will review all leases.
2. All leases, clearly delineating terms and conditions, will be approved and signed by the ED.
3. The Executive Director will keep a copy of each lease on file.
4. The Executive Director will be notified of each lease and lease specifications, and will make proper general journal entries for same.

Occupancy Costs Allocation Plan

POLICY: As a preliminary part of the annual budgeting process, a formula based "occupancy costs allocation plan" is developed to determine what portion of the costs for items related to providing a physical work location can be charge to each contract/funding source. This allocation applies to the following line items: property, insurance, maintenance services, utilities and rent.

PROCEDURE:

The Executive Director prepares the occupancy costs allocation plan using the following methodology:

1. The square footage of each office is split according to the fte staff person's percentage of time (who occupies the office) allocated to each contract/funding source.
2. Common use areas total square footage will be split in equal percentages that will be charged directly to each contract/funding.

As the ICOIL incurs expenses in the occupancy line items mentioned above, the Executive Director and ICOIL Treasurer applies the formula based occupancy cost allocation plan when assigning the general ledger accounts and sub accounts to be charged.

Payroll

POLICY: When necessary Individual salaries and benefits are authorized by the Executive Director except for the Executive Director's which is authorized by the council. All payroll information is kept confidential by the Executive Director and the council.

PROCEDURE:

1. The Executive Director oversees all new hire paperwork including the Authorization to Hire, W-9, and Insurance Benefit Election form.
2. An "Authorization for Hire or Change Status" form is completed by the Executive Director for all new employees to establish their rate of pay and eligibility for benefits and for any changes to salary or benefits for established employees.
3. Personnel files are maintained in a locked filing cabinet on the premises of the ICOIL.
4. All employees are required to comply with the council's established timesheet policy. Employees are given instruction by the Executive Director to insure they understand which contracts are funding the services their labor provides. Timesheets are reviewed and signed off by the Executive Director.
5. Payroll checks are available to employees by 3pm on payday and will be distributed by the Executive Director. Checks which are not picked up by 5pm shall be mailed unless other written instructions are given to the Executive Director Checks shall be given only to the employee unless written permission is given which specifically names someone else to pick it up.
6. If payday falls on a weekend or holiday, checks will be distributed the workday before.

Payroll Federal Tax Deposits

POLICY: When necessary The ICOIL is required to make their payroll tax deposits electronically and on a schedule determined by the IRS.

PROCEDURE:

The Executive Director makes the appropriate electronic federal tax deposits on a timely basis.

Purchasing

POLICY: Purchasing policies are designed for two reasons, for the purpose of planning and to provide control through checks and balances. All purchases over \$250.00 require a purchase order. Purchase Orders (po's) are issued and approved *before* any purchases are made. The Executive Director has authority to approve or disapprove purchases within the limits

established by the council, over those limits, authority rests with the council. For purchases of items costing \$500 or more, three bids are required.

PROCEDURE FOR REGULAR PURCHASES:

1. The Executive Director is responsible for purchase order distribution. Employees request purchase orders from the Executive Director. Purchase orders are issued in numerical order and signed for on the po log by the Executive Director.
2. Employee completes purchase order information and returns to the Executive Director.
3. The Executive Director logs the purchase order, or verifies that employee has logged the purchase order on the po log.
- 4a. For purchase orders under the regular accounts payable dollar limit set by the council, the Executive Director reviews request, approves or disapproves, records on the purchase order log and updates the spread sheet ledger if a check is requested. The Executive Director keeps a copy of the purchase order.
- 4b. For purchase orders greater than the regular accounts payable limit established by the council, the same procedure described in 4a is followed except the Executive Director must seek approval from the council.
5. For purchase orders that are approved, the Executive Director takes appropriate action, i.e. places order, cuts in house check or holds until invoice is received. For purchase orders that are not approved, The Executive Director discusses the situation with the staff person requesting purchase. All purchase orders are attached to invoices and check stubs.

PROCEDURE FOR PURCHASES OF ITEMS COSTING \$500 OR MORE:

1. Three bids are sought for all purchases of items costing \$500 or more. Where there is a sole source for the item or service, a "Sole Source Justification" statement should accompany the single quote.
2. When a vendor is selected from among the three bidders, a po is written and the bids are attached. The po goes through the same channels as described above for all other purchase orders.
3. When a check is generated for purchase, the po and the three bids are attached and filed with the invoice and check stub.

Salary Schedule

POLICY: The Council shall determine staff positions and their respective salaries.

PROCEDURE:

1. The Council, in conjunction with the Executive Director, shall develop a salary schedule for each position that works for the Council.

2. All assigned salaries may be subject to decrease as the result of funding decreases, as well as disciplinary action.
3. All assigned salaries may be subject to increase as the result of additional funding, as well as factors of merit.

Travel and Expense Reimbursement for Staff and the Council

Staff

POLICY: When necessary Staff shall be reimbursed for expenses that are job related and consistent with business necessity and approved by the Executive Director

PROCEDURE:

1. Staff must submit their requests for reimbursements with timesheets once a month. All required documentation must accompany the request (such as purchase receipts, airline tickets, mileage forms, travel reimbursement form, etc.), and submitted to the Council chairperson within 30 days of the completion of the activity for which travel expenses are claimed.
2. Mileage and per diem amounts will be the same as the state allowable rate.
3. Other than mileage and per diem, staff is required to comply with the all the ICOIL's fiscal policies and procedures with making purchases that will require a reimbursement.
4. Personal staff reimbursement checks will be issued accompanying the paycheck.

Council

POLICY: Council members shall be reimbursed for expenses that are consistent with ICOIL business necessity and approved by the Chair. Approved costs may include person assistant costs and reimbursement for child care, respite care, transportation costs, and other supports necessary for active participation at ICOIL and committee meetings and other approved activities.

PROCEDURE:

1. All required documentation must accompany a Council member's request (such as purchase receipts, airline tickets, mileage forms, travel reimbursement form, etc.), and submitted to the Chair within 30 days of the completion of the activity for which travel expenses are claimed.
2. Mileage and per diem amounts will be the same as the state allowable rate.
3. Other than mileage and per diem, Council members are required to comply with the all the ICOIL's fiscal policies and procedures with making purchases that will require a reimbursement.
4. Council member reimbursement checks will be issued monthly.