

**Dispute Resolution Center of Thurston County
Board Policies & Procedures**

Accounting Policies and Procedures
revised by the Board of Directors February 15, 2018

Introduction

The Dispute Resolution Center (DRC) operates on a fiscal year beginning January 1st and ending December 31st. The accounting system follows Generally Accepted Accounting Principles (GAAP) as applied to not for profit organizations, for cash versus accrual accounting.

System Overview

The DRC uses QuickBooks from Intuit to record and process transactions and generate reports. The DRC maintains a standard chart of accounts. Accounting and payroll is managed by the Office Manager. Quarterly and annual tax documents, as well as annual reporting support is provided by the Bookkeeper.

The accounting data file is cloud-based and access is limited to the Bookkeeper, Office Manager, Community Engagement Manager, and the Executive Director.

Budgeting

The Executive Director develops a draft budget that meets organizational priorities as set by the Board of Directors. The Budget is reviewed by the Executive Committee and approved by the Board no later than their December monthly Board meeting.

Reporting

Profit and Loss Statements, Balance Sheets, and Budget versus Actual reports for the previous month and cumulatively year-to-date, are prepared by Executive Director, and distributed to the Executive Committee of the board electronically at least one week prior to the Executive Committee's monthly meeting.

General Practice

Posting of transactions to the accounting system are limited to the Office Manager, who does not have check signing authority.

The DRC does not make loans to employees or Board members. Cash may be advanced for expenses.

The President will notify the Executive Director in writing of any potential conflicts of interest that exist among the Board of Directors.

Internal Controls

At least annually the President and the Executive Director will meet with an experienced advisor to review the status of internal controls. This discussion will include a review of existing policies and procedures, identification of any internal control deficiencies and exceptions, changes in generally accepted accounting principles and significant changes in transactions. The results of this meeting will be summarized and reported to the Executive Committee and the Executive Director will take action, as appropriate.

Instances of controls being overridden should be reported to the President. See the Whistle Blower policy. Exceptions to controls should be reported to the President and Executive Director, and if necessary, corrective action will be taken and documented promptly.

It is the responsibility of the President and the Executive Director to identify when major organizational transitions/transactions occur (e.g. significant changes in management, partnerships with related organizations, etc.). When these changes occur, the President and the Executive Director will meet to review the risk associated with the changes and any changes in internal control procedures that need to be made to minimize risk. The results of this discussion will be reported to the Executive Committee, as necessary. Policies and procedures will be updated accordingly.

It is the responsibility of the President and Treasurer to monitor controls, with occasional consultation of a CPA, as needed.

Reimbursements

Travel expenses are separated in the annual budget and expense reports. Reimbursements are paid out by the Executive Director upon receipt of invoices for expenses paid related to pre-approved DRC work.

The DRC reimburses employees for expenses other than travel such as office supplies, postage, work-related meals with pre-approval upon review and receipt of verification by the Executive Director. See Personnel Policy for further details.

Bank Accounts

The monthly bank statements are given to the Executive Director who reviews them and returns them to the Office Manager. Both have online access to account records. All bank accounts are reconciled monthly by the Office Manager by the end of each month. The completed reconciliations are:

- Compared as to dates on cash receipts voucher to the deposit date on the bank statement
- Investigation of funds transfers
- Investigation of unusual items on the bank statement
- Comparison of canceled checks to disbursements journal for number, date, payee and amount, accounting for the sequence of the checks.

Investment Accounts

Investment statements are distributed to the Board Treasurer by mail and are electronically accessible by the Executive Director. Funds transfers must be authorized by the Board President, Board Treasurer, or Director, with an affirmative vote by the Executive Committee.

Fixed Assets

Detailed property and equipment records are maintained by the Office Manager and updated with an annual inventory. Depreciation is recorded annually. Depreciation is calculated on a straight line basis over the useful life of the asset. Items costing under \$1,000 are expenses.

Revenue

The DRC follows GAAP for recording and recognizing revenue. Contributed revenue is tracked independently from earned revenue in the accounting system. Contributed revenue is tracked concurrently in the donor tracking system.

Federal and other funds designated for a specific purpose are expended in line with the disbursement requirements. Any expenditure charged to federal funds shall be reviewed to insure that it meets the requirements of Federal Uniform Guidance (2 CFR Part 200).

Mail is opened by any pair of staff persons. Cash is labeled as to source and purpose and stored in the cash pouch. There is no other cash in the office such as a petty cash fund. Checks are restrictively endorsed and stored in a secure location until deposit. The bank deposit slip is prepared by the Office Manager and the deposit is recorded in the accounting system. Deposits are made twice monthly or whenever this is \$3,000 or more ready for deposit (whichever is more frequent). After depositing, the bank receipt is attached to the deposit slip and all other related documentation is filed by the Office Manager in date order.

Other receipts are received via electronic deposit directly to the DRC's bank account, and are monitored by the Office Manager who records them in the accounting system.

In-kind Donations

Whenever possible, invoices are obtained for donated services or goods. When there is no invoice, the service or goods are recorded as an in-kind donation at their estimated fair market value. Services are recognized according to GAAP, which limits recognition of services to those that the organization would have had to purchase if they had not been donated. In-kind records are kept in the Office Manager's files.

Cash Disbursements

Operations checking account

Staff may fill out check requests, which are then given to the Executive Director for review and approval. Bills and check requests are forwarded to the Office Manager for payment and entry into the accounting system.

Credit card statements and expense summaries are reconciled by the Office Manager each month. Credit card statements are reviewed by the Executive Director who indicates account, whenever unclear, directly on the statement.

The Office Manager pays bills twice monthly, under the review and direction of the Executive Director. Pre-numbered checks are stored in a secure location and used in sequence. Access to the checks is limited to the Executive Director, the Community Engagement Manager, and the Office Manager. When bills are paid, the unsigned check and all documentation related to each bill are forwarded to the Executive Director or other signer for signature. Signing of blank checks is prohibited. Checks are signed by the Executive Director or the Community Engagement Manager. At least one board member shall also have signing authority, preferably the President or Treasurer.

After the checks are signed, they and all accompanying documentation are returned to Office Manager for mailing and filing.

The DRC uses a three-part voucher check. The check and one voucher are sent to the vendor and the second voucher is attached to the disbursement voucher and accompanying documentation. After the

checks have been mailed, the disbursement documents are filed alphabetically by vendor and expense category. Voided checks are written as such and are filed in numerical order.

Other cash disbursements can be requested by providing proper documentation of the pre-approved expense (original receipt, invoice or approved lost receipt form), completing a disbursement voucher and obtaining proper authorization. Reimbursement for staff development training, travel, meals or any other business related expenses are made after receipt of invoices documenting the funds expenditure. The mileage and per diem rate of reimbursement is tied to the current Federal rate.

Credit Cards

Authorized signers for the DRC credit cards include the Executive Director, Office Manager and Community Engagement Manager. The DRC credit card may be used for business purposes only. Personal usage is expressly forbidden. The Finance Committee or Treasurer will review card usage annually. Balances are to be paid in full monthly.

Unallowable Costs

It is the responsibility of the Director, Training Manager, Board Treasurer, and accountant to be sure that costs not allowed by sponsoring government agencies and in accordance with Federal Uniform Guidance (2 CFR Part 200) are not charged to contracts. Unallowable costs should be identified at the time of approval and prior to entry into the accounting system. The Executive Director will review transactions for unallowable costs during the regular monthly review.

Payroll

Payroll is processed monthly by the Office Manager. Core staff members are salaried, while work-study positions and Youth Empowerment Services team members are temporary, part-time hourly. Pay periods end on the last day of each month and are submitted to the Executive Director for review and signature. The Office Manager processes signed timesheets on the 1st or next business day if the 1st falls on a weekend or holiday.

Paychecks are processed using written checks or direct deposit. For each pay period, timesheets and a copy of each payroll check are filed in the employee's personnel file and also in a central payroll file, ordered by payroll date.

Other Adjustments

Adjusting entries to the general ledger are made only by the Bookkeeper. Journal entries are reviewed by the Executive Director on a quarterly basis using the financial statement.

Taxes & Reporting

The DRC is subject to the following:

- Federal Form 990 – Annual Activities Report
- Federal 941 – deposited monthly with quarterly report filing (Employee withholding and employer/employee Social Security and Medicare report to the IRS)
- Washington State Department of Revenue – Annual Business & Occupation Tax Report
- Washington State Unemployment – quarterly (Unemployment insurance, based on wages, paid by the employer to the State Employment Security Dept.)

- Washington State Labor and Industries – quarterly (Employee disability insurance, paid by the employer, based on hours worked, to the Dept. of Labor and Industries)

Tax forms and reports are prepared by the Bookkeeper. The 990 is reviewed and signed by the President. Quarterly reports listed above are reviewed by the Treasurer when ready.

Licenses & Registrations

Annual licenses and registrations include:

- City of Olympia Business License
- Washington State Corporate registration
- Secretary of State Charitable Solicitations registration

It is the responsibility of the Executive Director to keep all licenses and registrations current.

Insurance

The DRC has obtained general liability insurance, which includes Errors and Omissions coverage, Director's and Officer's liability, and property insurance. Insurance is managed by the Executive Director and is reviewed annually or when significant changes in operations take place to ensure adequate coverage.

Audit

The DRC has a financial audit performed not less than every five years. When contracts or other business related relationships require an audit, the DRC will conform to needed provisions by having an audit performed by an independent Certified Public Accountant in the State of Washington. When the conditions of Federal Uniform Guidance (2 CFR Part 200) regarding the receipt of Federal Funds are met, the DRC shall have an audit in compliance with any provisions of a federal contract, which will be completed in time to meet the requirements existing contracts, if any. All audits will be performed in accordance with Generally Accepted Auditing Standards (GAAS) as established by the American Institute of Certified Public Accountants.