

COUNTY OF HIDALGO, TEXAS
COMMUNITY SERVICE AGENCY



FISCAL POLICIES & PROCEDURES

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TABLE OF CONTENTS

SECTION 1. PURPOSE & OVERVIEW Page 2

SECTION 2. SUMMARY OF FISCAL REPORTS Page 3

SECTION 3. GENERAL LEDGER Page 5

SECTION 4. INTERNAL CONTROLS Page 6

SECTION 5. RECEIPTS & DRAWDOWNS Page 7

SECTION 6. PROCUREMENT PROCESS Page 8

SECTION 7. UTILITY PLEDGING..... Page 11

SECTION 8. TRAVEL..... Page 12

SECTION 9. CREDIT CARD POLICY Page 15

SECTION 10. ACCOUNTS PAYABLE Page 16

SECTION 11. PAYROLL..... Page 23

SECTION 12. CHECKS- SIGNATURE STAMPS Page 25

SECTION 13. INVENTORY Page 26

SECTION 14. BANK RECONCILIATION Page 27

SECTION 15. RETENTION OF RECORDS Page 29

SECTION 16. COST ALLOCATION Page 29

SECTION 1. PURPOSE AND OVERVIEW

The County of Hidalgo Community Service Agency's Fiscal Department has been entrusted with the responsibility of ensuring that all funds are being expended in the most efficient manner possible. The policies and procedures set forth in this manual have been developed with the goal of ensuring that all the Agency's transactions are recorded in a manner consistent with Generally Accepted Accounting Principles (GAAP), as well as per Local, State, and Federal regulations.

All employees are responsible for following the policies and procedures. They are also responsible for ensuring that all funds are spent according to regulations as set forth by grantors, as well as local, state, and federal mandates.

The Fiscal Department is responsible for ensuring that all transactions are recorded properly as per Generally Accepted Accounting Principles (GAAP), as well as per Local, State, and Federal laws and regulations. All transactions recorded in the Agency's Financial System should include sufficient detail, approval, and account numbers to ensure that transactions are recorded correctly. The Accountant IV will ensure that all funds are safeguarded against theft or misappropriation. The Fiscal Department shall provide financial reports to the Executive Director in a timely manner as a guide for efficient management of the Agency. Additionally, the Fiscal Department shall provide financial reports to the Board of Directors at each meeting.

The Executive Director is ultimately responsible for the safeguarding of all funds. The Executive Director expects full cooperation from Department Supervisors to ensure that all funds under their custodianship are being efficiently managed. The Executive Director may delegate to the Operations Manager, the authority to approve transactions and events if necessary.

Fraud and misuse of the Agency's funds, property, and information is prohibited. Examples of fraud include, but are not limited to:

- Dishonesty or misinterpretation of facts;
- Misappropriation or other financial misconduct;
- Forgery or alteration of checks, purchase orders, contracts, or personnel documents;
- Misappropriation of assets, equipment, or supplies belonging to the Agency;
- Manipulation of data for fraudulent purposes
- Claim for reimbursement of expenses not made for the benefit of the Agency;
- Receiving compensation for hours not worked.

CSA's management is responsible for maintaining a system of internal controls to provide reasonable assurance for the prevention and detection of fraud, waste, abuse, and misappropriations of the Agency's funds.

Management has the responsibility for investigating any suspected acts of fraud. The Executive Director will notify the County's Executive Officer prior to commencing an investigation.

If the suspicion of fraud or misuse of the Agency's funds and property is confirmed by the investigation, appropriate action shall be taken by the Executive Director. These actions may include, but are not limited to:

- Disciplinary action, up to and including termination;
- Requiring reimbursement to the Agency for all losses;
- Forwarding information to the appropriate authorities for criminal prosecution.

All employees shall be required to read this policy and sign a receipt acknowledging their understanding of these guidelines and procedures. The acknowledgement receipt should be kept on file by Administration.

The accounting procedures of the Fiscal Department conform to Generally Accepted Accounting Principles, as per O.M. B. Circular A- 133, A-87, A-102; the TDHCA Uniform Grant and Contract Management Standards for State Agencies, Texas Administrative Code; RSVP-Grants Management Handbook for Grantees; the Hidalgo County Purchasing Policies; the TDHCA Audit/Financial Services Division and other guidelines and regulations as required by grantor's and county's policies.

SECTION 2. SUMMARY OF FISCAL REPORTING

The Fiscal Department must meet deadlines for the following agencies: Internal Revenue Service (IRS), Texas Department of Housing and Community Affairs (TDHCA), Corporation for National and Community Service, Federal Emergency Management Agency (FEMA), Central Power & Light, Texas Association of Counties-Unemployment Trust Fund Contribution and Worker's Compensation, and Hidalgo County.

In addition, the Fiscal Department must also meet internal deadlines as described below:

INTERNAL DEADLINES

Bank Reconciliations By the 10th following the end of the month

Agency	Report	Due Dates
Internal Revenue Service	Payroll Tax Deposits (941)	No later than 5 days after wages are paid
	W-3 and W-2's	January 31
	1096 and 1099's (MISC)	January 31
TDHCA	CEAP	By the 15 th following the end of the month
	CSBG	By the 15 th following the end of the month
CNCS	<u>Senior Corps</u>	<u>Quarterly Reports - PMS</u>
	RSVP Federal and State	Quarter 1 - January 30
	SCP Federal and State	Quarter 2 - April 30
	FGP Federal and State	Quarter 3 - July 30
		Quarter 4 - October 30
	<u>Senior Corps</u>	<u>Semi Annual Reports - Egrants</u>
	RSVP Federal	01/30/19 & 07/30/19
	SCP Federal	
	FGP Federal	
	RSVP State	04/30/19 & 12/30/19
SCP State		
FGP State		
Reliant and Neighbor to Neighbor		By the 10 th following the end of the month
Bravo Zulu		By the 15 th following the end of the month

SECTION 3. GENERAL LEDGER

County of Hidalgo Community Service Agency's (CSA) year follows a calendar year basis. Throughout the fiscal year, CSA's Fiscal Department oversees multiple grants. These funds consist of federal, state, private, and local funding sources.

The fiscal department uses a centralized computer system that performs all accounting functions such as payroll, accounts payable, general ledger, and bank reconciliations. Each fund is assigned a unique fund code to distinguish the fund and the fund year of the grant.

The fiscal department team is made up of six (6) team members:

- 1- Accountant V
- 1- Accountant II
- 1- Payroll Accounting Specialist
- 1- Accounts Payable Specialist
- 1- Accounting Specialist
- 1- Finance Clerk

The General Ledger is utilized to reconcile grant funds within the accounting system. The cash accounts are used to reconcile the general fund bank account and the payroll fund bank account on a monthly basis. Performance Reports and Expenditure Reports are submitted to grantor agencies based on each grant reporting requirements.

Journal entries are prepared on an as needed basis to record any necessary adjustments to the General Ledger. All journal entries are prepared by accounting staff and are reviewed and approved by the General Accounting Supervisor.

The Accountant IV and an assigned accounting team member shall perform a thorough financial review of all funds on a monthly basis. This includes a review of journal entries, cash accounts, accounts payable, and expenditure accounts.

Not all CSA grants follow a calendar year, consequently, some grants close-out during CSA's fiscal year. A financial reconciliation is prepared at the close-out of each grant. This includes the preparation of closing/adjusting entries and the completion of a grant final report.

At fiscal year-end, preparation of the single audit is performed for all CSA grants. Trial balance, balance sheet, and income statements are prepared and all funds are reconciled for year-end. Additionally, preparation of bank reconciliations of both accounts, general fund and payroll.

The Community Service Agency shall follow Hidalgo County's procedures for addressing any audit findings related to the funds administered by the Agency. The Agency must notify the Board of Directors about the completion of the audited financial statements and shall also report to the board any audit findings.

SECTION 4. INTERNAL CONTROLS

The following guidelines have been developed to prescribe the minimum required procedures necessary for ensuring adequate internal controls and the safeguarding of CSA funds.

- A. All financial transactions must be properly reviewed and authorized.
- B. Community Service Agency must maintain a clear segregation of duties for employees. Segregation of duties prevents one employee from performing a complete cycle of a transaction and allows an employee with the opportunity to catch an error before any transaction is fully performed. One employee should not have the responsibility for more than one of the following duties:
 - 1. Requisition authorization
 - 2. Check creation and/or automated payment disbursement
 - 3. Authorized signature/electronic signature
 - 4. Distribution of paper check
- C. If segregation of duties is not possible due to limited available personnel, appropriate procedures must be taken by Accountant IV, such as monitoring and reviewing, to verify sound controls. Accountant IV should not be involved with the original transaction steps to be verified.
- D. Financial transactions and events must be properly recorded and financial reports should be accurate, complete, up-to-date, and reliable.
- E. Keys, access passwords, or safe combinations should be issued to as few employees as possible. Access passwords and safe combinations must be changed at least every two years or when an employee with access has terminated employment. Terminated employees must be required to return keys on or before their last day of employment.
- F. Employees responsible for IT functions should be independent of cash receipting and accounting functions.

- G. Unique employee passwords must be assigned to employees responsible for performing cash related activities.
- H. User ID's and password sharing must be strictly prohibited.
- I. An employee's computer access rights must be immediately updated appropriately upon a change in responsibility.

SECTION 5. RECEIPTS & DRAWDOWNS

This policy defines and outlines procedures with respect to receiving, safeguarding, handling, depositing, and recording CSA funds.

A. MAILED IN CHECKS

1. All mail should be opened on the same day it is received. Mail that is not opened on the same day must be kept in a locked safe area overnight and opened the following business day.
2. Mail should be opened by an employee who is not responsible for receipting or maintaining account records.
3. All financial instruments received, such as checks, money order, and cashier's checks, must be listed on a log. The log should include the following information: the date received, the name of the payer, the amount of the check, and the check number.
4. Upon receipt, all checks payable to the Agency must be restrictively endorsed "For Deposit Only" to the credit of the Agency.
5. CSA checks that have been returned to the Agency shall be recorded on the log and routed to the Fiscal Department. It is important that the Fiscal department void the check soon after discovering if the check is no longer valid. See Void procedures in the AP section.
6. An encoded, pre-numbered bank deposit slip must be prepared to document the funds to be deposited. Whenever possible, the deposit should be prepared by someone other than the person responsible for receipting.
7. The log of daily receipts must be reconciled to the amounts deposited.

B. **DRAWDOWNS**

1. CSA shall submit expenditure reports to each Grantor Agency based on grant contract specification.
2. When Performance and Expenditure Reports are submitted to a Grantor Agency, CSA shall maintain fiscal and programmatic records and supporting documentation for all expenditures reported under each grant contract.
3. When funds are received from the Grantor Agency, an employee from the Fiscal Department must ensure that all the supporting documentation is attached to the Drawdown request in order to properly record the revenue in the Accounting System.
4. All documentation shall be kept in the fiscal department based on the retention schedule. See Section 15.

SECTION 6. PROCUREMENT PROCESS

The purpose of this policy is to provide guidelines for all purchases and procurement activities for all employees who, to any extent, participate in the procurement of goods and services for the Agency.

All purchases require approval from 1) Department Supervisor 2) Accountant IV and 4) final approval from the Executive Director/Operations Manager. For any procurement, the state requires open competition, which is a minimum of 3 quotes. In addition, purchases over \$5,000 require prior approval from the grantor agency.

A. Approval for Purchase is achieved on a **Request for Purchase Form (Requisition)- EXHIBIT A**

1. Prior to the Department Supervisor submitting the requisition, the supervisor must justify the need for the purchase and assure that the frequency of the purchase is not out of bounds. The requisition should be completed by the Supervisor in each department. Once complete, the requisition should be forwarded to the Fiscal Department.
2. The Accounts Payable Specialist must obtain three price quotes for each requisition. The Accountant IV reviews requisitions for availability of funds,

contract allowance, and seek grantor agency approval if purchase is over \$5,000. Once funding source is determined, it should be noted on the requisition. Incomplete requisitions will be returned to the requesting department and will delay the order and delivery of the requested goods and services. Requisitions may also be rejected due to contract specifications. After approval from the Fiscal Department, the Requisition, along with the 3 price quotes, shall be forwarded to Executive Director/Operations Manager for approval. The Operations Manager will forward approved Requisitions to the Executive Director.

3. The Executive Director/Operations Manager will evaluate the need and justification, and determine if the purchase meets programmatic scope. The Executive Director/Operations Manager, based on the review, will approve or disapprove the requisition.
 - i. If a requisition is disapproved for any reason, the requisition is returned to the user with a written reason for the disapproval.
 - ii. Selected vendors/quotes will be selected at the discretion of the Accountant IV in compliance with state requirements and regulations. Executive Director/Operations Manager will conduct the final review and approval. In selecting the vendor, the Accountant IV must consider price, relative quality of goods and services, vendor reliability (based on actual documented experience with the vendor, not on intuition), ability to service the items purchased, and other relevant factors as determined by the Accountant IV. If the selected quote is not the lowest quote, the reason must be stated in writing on the Requisition. Approved requisitions by Executive Director/Operations Manager are forwarded to the Fiscal Department where a Purchase Order (P.O) is generated.

B. All general purchases require a PURCHASE ORDER- EXHIBIT B

1. The Accountant II is assigned to the P.O. book and responsibly to safeguard accountability of the P.O. book. In absence of the Accountant II, the Accountant IV will designate a fiscal employee.
2. When the approved requisition is received by the Accountant II or assigned fiscal employee, a Purchase Order is generated. The PO must be completed as a mirror image of the approved Requisition. Once the P.O. has been prepared, the P.O. number should be noted on the approved Requisition. Only assigned personnel are authorized to assign a Purchase Order Number to a requisition. The P.O. will be forwarded to the Executive Director for approval. In absence of the Executive Director, he/she may designate a staff member the ability to issue approval.

- After the approval process has been completed the White copy of P.O. should be submitted to the Vendor. The Fiscal Department will retain the pink copies of the Requisition and the P.O. for Accounts Payable. The white copy of Requisition and the yellow copy of P.O. will be retained for the Purchasing Clerk's files. The yellow copy of the Requisition may be provided to the Department Supervisor for departmental records.

	Requisition	Purchase Order
A/P	Pink	Pink
Purchasing Agent	White	Yellow
Vendor		White
Department	Yellow	

- All purchases will be placed by the Purchasing Clerk. If the purchase is called or faxed in, the P.O. number should be referenced so that the PO number can be listed on the invoice.

IMPORTANT! A Requisition is not a Purchase Order. The Requisition cannot be used to place orders to suppliers. Supplier invoices received for orders placed with a Requisition will not be paid by Accounts Payable and will be sent back to the supplier. A Purchase Order must be issued against an APPROVED Requisition.

C. ADJUSTMENTS

P.O. modifications and adjustments require Executive Director approval. Any increase in the dollar amount of the purchase will need prior approval from the Operations Manager and the Executive Director.

D. RECEIVING

All purchases must be RECEIVED before processing payment to suppliers. One person should be assigned to ensure proper receipt of products and services. The person receiving the product should sign the receiving documents provided by the supplier. The packing list should be forwarded to AP for proper financial reconciliation. All receiving documents must be kept on file. This is particularly important when accepting any partial deliveries over a period of time.

E. PROCUREMENT STANDARDS

CSA will follow and shall comply with 45 C.F.R. §92.36, UGMS, 10 Texas Administrative Code (T.A.C.) §§5.10 and 5.11, OMB A-87 Circular, §§200.317-200.326. Procurement

Standards, Grant contract specifications, County Procurement Policies and all applicable federal, state, and local laws, regulations, and ordinances for compliance of procurement.

Audit services shall be procured through an open, competitive process led by the County Purchasing Department at least once every five years. Audit working papers and reports shall be retained for a minimum of five years and made available upon request to TDHCA at the completion of the audit, as part of a quality review, to resolve audit findings, or to carry out oversight responsibilities.

Bank services and building space shall be procured through an open, competitive process led by the County Purchasing Department and copies of supporting documentation shall be obtained and kept on file for compliance and review by funding source.

SECTION 7. UTILITY PLEDGING

This purpose of this policy is to provide guidance on the processing of direct client services

All client services are provided based on income eligibility and/or program criteria eligibility. Eligibility determination is made by Eligibility Workers II and Case Study Workers. Authorizations for services are executed by computer generated Notice of Payment (NOP) or by manually generated NOPs. All case files are submitted to the Central Client File Systems Department (CCFS) for Quality Assurance where a random sample is selected to review for accuracy. Once the service has been deemed accurate, a transmittal per daily services is submitted for pledging to respective vendor/companies and forwarded too Fiscal to complete the payment process. Vendor agreements are updated by the finance clerk, and a list is distributed to all the Staff.

Pledges may contain the following pertinent information with each transmittal, depending on the Program

- Vendor Name
- Client Name
- NOP Number
- Amount authorized
- Program
- Initials from EW II(s) or CS Workers on bills
- Service Date
- Date received by Fiscal Department
- Total amount transmitted

A. Quality assurance (CCFS) shall check a random sample for accuracy in eligibility determination (income or program), accuracy of notice of payment, vendor's name, authorized amount, client account number and required intake paperwork. Complete

files shall be prepared for processing pledges to vendors obligating assistance on client's behalf and thereby transmitting for payment too Fiscal.

- B. Assigned staff shall include all pertinent client and vendor information on CSA Fax Cover Sheet and submit pledges via Fax/e-mail to utility vendors. Confirmation acknowledging that the fax/e-mail process is complete shall be retained as supporting documentation.
- C. Transmittals should be maintained in the Fiscal Department for review and payment process. **EXHIBIT C**
- D. The Fiscal Department shall review pledges, NOPs for accuracy on client information, amount of assistance authorized, and authorization signatures from workers.
- E. The Fiscal Department will pay based on pledge date.
- F. If a vendors or client reports changes to the pledge accounts, CCFS shall submit a request to the Fiscal Department to HOLD or STOP payment by using the Admin Request for Action on Payment Form **EXHIBIT D**. These changes may result in changes to program, account numbers, account location, company, or cancellation.

SECTION 8. TRAVEL

This purpose of this policy is to establish guidelines for travel expenses paid with any funds administered by CSA.

A. GUIDELINES

1. Travel expenses shall be only allowed for Agency employees while on official Agency business. The purpose of the trip must be for the Agency's benefit and/or be related to the Agency's primary business activities.
2. Sufficient funds must be available prior to making any travel related expenses.
3. Travel expenses must be reasonable and necessary. Any inappropriate or excessive costs will be at the expense of the employee.
4. Employees must ensure that all travel reimbursements are examined to ensure compliance with the Travel Policy prior to submitting payment requests. Employees must ensure that their travel complies with the Travel Policy and must not seek reimbursement for travel expenses, for expenses that the employee should reasonably know are not reimbursable.

B. AUTHORIZATION FOR TRAVEL

1. Prior to travel to any destination, the traveler must obtain approval for the travel from his or her immediate supervisor and from the Operations Manager. Requests documentation must include the purpose of the trip, the benefit to the Agency, and the dates of travel.
2. Any out of town travel will require approval from the Executive Director. Prior to making any reservations and/or traveling, employees must obtain approval from the Executive Director. **Out-of-County Travel Advance Form EXHIBIT E** should be submitted along with all supporting documentation.
3. The Agency is not obligated to pay for travel if prior approval from the Executive Director was not obtained. In absence of the Executive Director, he/she may designate a staff member the ability to issue approval.

C. METHOD OF PAYMENT FOR TRAVEL

1. Direct Payment - Registration fees, lodging, car rentals, and airfare should be paid directly to vendors. The request for payment must be submitted to Accounts Payable at least two weeks prior to the date of travel.
2. Coordination of travel is required if more than one employee is traveling to the same function. Only the employee providing the personally owned vehicle will be provided the advance mileage. Mileage incurred by an employee to meet at a designated location or to pick up other employees may be reimbursed. Personal vehicle travel will be reimbursed at the County adopted rate per highway mile.

When driving a rental vehicle, an amount for estimated fuel charges will be advanced to the employee driving the vehicle. Original fuel receipts must be submitted to the Fiscal Department and any excess advances must be repaid in a reasonable time.

3. When the most efficient travel is by air, reimbursement will be limited to coach fare. Package fares are encouraged when two or more are traveling to and from the same location and the overall cost can be reduced.

4. Meals (Per Diem)-

1. Out-of-County –In-State Travel

Meals, including tips, will be advanced based on a Per Diem rate of \$39.00 per day. The per diem will be prorated for partial days; \$9 for breakfast, \$12 for lunch, and \$18 for dinner. Trips beginning before 8:00 AM will receive

\$39; trips beginning after 8:00 AM but before 1:00 PM will receive \$30; trips beginning after 1:00PM will receive \$18. Trips completed before 8:00 AM will receive \$9; trips completed after 8:00 AM but before 6:00 PM will receive \$21; and trips completed after 6:00 PM will receive \$39. The employee is not required to keep receipts to document the cost of these meals.

2. Out-of-County –Out-of-State Travel

Meals, including taxes and tips, will be advanced based on a maximum Per Diem rate of \$64.00 per day. The \$64 maximum amount will be prorated for partial days; \$14 for breakfast, \$20 for lunch, and \$30 for dinner. Trips beginning before 8:00 AM may receive up to the maximum amount of \$64; trips beginning after 8:00 AM but before 1:00 PM may receive up to the maximum amount of \$50; trips beginning after 1:00PM may receive up to a maximum of \$30. Trips completed before 8:00 AM may receive up to a maximum of \$14; trips completed after 8:00 AM but before 6:00 PM may receive up to a maximum of \$34; and trips completed after 6:00 PM may receive up to a maximum of \$64. For out-of-state travel, the employee is required to keep all original receipts to document the cost of the meals. Any excess advances must be repaid when submitting a **Final Travel Form EXHIBIT F**.

3. In the event that County of Hidalgo adopts new Per-Diem rates, the Community Service Agency will use the rates adopted by the County.

5. Unforeseen travel expenditures may occur such as luggage fees, parking fees, and ground transportation. For any unforeseen expenditures that were not advanced to an employee or that were not paid directly to vendors, original receipts must be submitted as supporting documentation in order for a reimbursement to be processed.
6. Upon return from a business trip, employees must submit hotel check out receipt and any fuel receipts if a reimbursement is needed. Employee must complete **Final Travel Form EXHIBIT F** no later than five business days of returning from trip. Any excess advances must be repaid along with the form.
7. When requesting a travel advance check for fuel, meals, or incidental expenditures such as parking fees, employees must submit a requisition to the Fiscal Department and the approved **Travel Form EXHIBIT E**.
8. Local travel mileage reimbursements require a daily travel log that indicates the place and address of the destination, the purpose of the travel, and any other information deemed necessary. Employees approved to incur travel cost must submit a Local Mileage Claim form **EXHIBIT G** along with their Timesheets when the time sheets

are due. Employee supervisor is responsible to review and authorize mileage claim form. Approved mileage log is submitted to Fiscal Department. A Fiscal department staff member is responsible to sign and approve that funds are indeed available for payment. Fiscal forwards the mileage log for final approval to the Executive Director.

9. Mileage should be calculated on a point-to point basis using a readily available mapping service (MapQuest, Google maps, etc.) and the current County adopted mileage rate. Printouts from the mapping service should be included as supporting documentation for the mileage reimbursement.

CHCSA does not provide insurance coverage for personal vehicles; therefore, each employee traveling on Agency business must ensure the vehicle has a current automobile insurance policy. The name of the employee must appear on the insurance card. Vehicle repairs, parking fines, towing charges, theft of property, or vehicular accidents are the responsibility of the employee, not the Agency.

Employees using their personal vehicle while traveling on Agency business must file a copy of their current automobile insurance policy and a copy of their Driver License with the Fiscal Department. Mileage reimbursements will only be made if a copy of the Driver License and current copy of the insurance policy are on file at the Fiscal Department, and the Driver had an unexpired driver license and current insurance coverage at the time of travel.

CHCSA adheres to OMB Circular A-87 and County Commissioners Court approved Travel Policy, Per Diem Rates, and Mileage rates.

SECTION 9. CREDIT CARD POLICY

The purpose of this policy is to set forth general guidelines for the use of the Agency's Credit Cards.

The use of any of the Agency's credit cards is strictly limited for Agency authorized purchases only. These cards cannot be used for any personal use. Any personal use will require reimbursement and disciplinary action, which may include termination of employment.

Authorization should be obtained from the Operations Manager or Executive Director prior to requesting a card from the Fiscal Department. The request should follow the Requisition procedures. **See Section 6.A.**

The Agency's credit cards must be kept locked and in a fire proof safe in the Fiscal Department. The key to this safe shall be kept by Administration.

The Fiscal Department shall keep a log of authorized personnel requesting a card. The log should include the card name, the name of the person requesting the card, and the date and time the card was released and returned.

- A. Credit card purchases are authorized for:
 - 1. Meeting preparation purposes
 - 2. Unforeseen non-routine charges that are considered emergency
 - 3. Vendors that do not accept POs

- B. Employees using one of the Agency's credit card must comply with all purchasing policies and procedures. The employee shall be responsible for securing the card while in their possession and submitting all receipts to the Fiscal Department.

- C. The credit card company mails a monthly statement to the Fiscal Department. An employee from the Fiscal Department will be responsible for the following:
 - 1. Reconciling receipts against monthly statements;
 - 2. Reviewing charges for proper account codes and fund availability;
 - 3. Verifying that all transactions were authorized by management;
 - 4. Notify the credit card company of any disputes.

- D. After all transactions have been reconciled, the statement will be processed for payment.

- E. If a credit card is lost or stolen, the employee shall immediately notify the Accountant IV and the Executive Director.
 - 1. The Fiscal Department shall contact the credit card company to deactivate the lost or stolen card and request a new one.
 - 2. If the lost or stolen card is subsequently found, the credit card shall be immediately returned to the Fiscal Department for destruction.

SECTION 10. ACCOUNTS PAYABLE

The purpose of this policy is to outline the procedures for the proper management of CSA payments.

The Fiscal Department has a fiduciary responsibility for all payments on behalf of CHCSA.

A. DISBURSEMENT CLASSIFICATIONS

The agency currently utilizes four classifications for Disbursements:

1. GA-General Purchases **See Section 6**
2. Liabilities not requiring Purchase Orders-There are certain liabilities where a purchase order is not required due to the nature of the purchase and their billing. Examples of these liabilities are utility bills for the Agency such as the electricity bill and the water bill.
3. Computer Generated Notice of Payment(s) for clients-**EXHIBIT H**
4. Manual Notice of Payment(s) when Computer system is down. **EXHIBIT I**

B. IDENTIFICATION OF TRANSACTION

Any documentation received by the department should be identified as invoices or NOPs. The process for these two is the similar, where invoices are paired with POs (except those liabilities not requiring a PO), and NOPs are paired with the supporting documentation provided by the CCFS Department. **See Section 7.**

C. TYPES OF PAYMENTS

The Judge's signature stamp will be kept at the County Judge's office. In order to adhere with the new changes CSA must submit checks to the Judge's office to be stamped. Checks submitted to the Judge must reflect the Executive Director signature stamp. The Judge's office reviews and stamps checks with the Judges' signature stamp. An employee from the Judge's office notifies Fiscal staff when checks are ready to be picked up.

In an effort to reduce the number of checks and to streamline the process, the Judge requested ACH and online payments to be implemented. CSA is processing Automated Clearing House (ACH) payments and Online electronic payments. Checks will be utilized when vendors do not accept ACH or online payments or pending to be set up as vendors for ACH payments.

D. PAYMENT PROCESS

1. An employee from the Administration Office shall review and maintain a mail log of all incoming invoices, purchase orders, and correspondence in the computer system. Invoices and Purchase Orders shall be forwarded to the Fiscal Department for review by the General Accounting Supervisor. The Supervisor will forward the invoices and the associated POs to the Accounts Payable Specialist.
2. NOPs are submitted to the Fiscal Department by the CCFS Supervisor. **See Section 7.**

3. The A/P specialist should pair each invoice to the associated purchase orders, the NOPs to the supporting documentation, and proceed to enter all invoices and NOPs into the accounting system.
4. After all data is entered, an Accounts Payable Invoice Session (API) is generated. The API contains pertinent information on each entry such as vendor name, fund code, date, invoice number and amount. The API report(s) should be reviewed for accuracy by a second person and any data entry errors should be corrected. A final API report shall be generated to be reviewed by the General Accounting Supervisor. The reviewed API shall be forwarded to the Executive Director for final approval. In absence of the Executive Director, he/she may designate a staff member the ability to issue approval.
5. Once all documentation is approved and returned to Fiscal Department, check stock can be requested from the Finance Clerk to be processed. The Finance Clerk will request the key to the locked cabinet, where the check stock is stored, from the Accountant IV and issue to staff. In the absence of the Finance Clerk, the Accountant IV has authorization to issue paper checks to staff.
6. The accounting system generates an Accounts Payable System Check Report (APS) after the checks are printed. This report must be reviewed by the Accountant IV ensure that the total amount of disbursement matches that of the approved API(s).
7. The Accountant IV forwards prepared checks to the Administration Office for verification and the Executive Director signature stamp.
8. Signed checks are returned to the Fiscal Department. Assigned Fiscal employee delivers checks to the County Judge's Office to get processed with the signature stamp. Employee must sign and date check register(s) when checks were delivered.
9. Payroll Specialist or assigned Fiscal staff is responsible to pick up checks once they are ready.
10. Payroll Specialist or assigned Fiscal staff is responsible to take the check registers when checks are picked up from the Judge's office. Before leaving the Judge office employee must review checks to make sure that no checks are missing and that all checks were signed by the County Judge.
11. Payroll Specialist or assigned Fiscal staff submit signed checks and invoices if applicable to the Administration office to be mailed.
12. Assigned Administration personnel is responsible to stamp envelopes for postage and to deliver checks to the United States Postal Service.

13. Copies of the checks along with all supporting documentation is kept in the Fiscal Department.
14. A log is kept in the Fiscal department and maintained daily with beginning and ending check numbers for that day.

AUTOMATED CLEARING HOUSE (ACH) PAYMENTS

All ACH payments will be coordinated and submitted through the Fiscal Department. The Accountant IV will approve all new and changes to ACH payments ensuring that the via ACH payments are necessary; all required documentation is provided and appropriately approved. ACH payments will be performed by designated fiscal staff. In the event the assigned staff is out the Accountant IV with the authorization of the Executive Director will designate another employee.

The Fiscal department is responsible for initiating ACH payments on behalf of CSA.

The Accountant II keeps and maintains an approved ACH vendor list as well as the vendors direct deposit forms. The direct deposit authorization reflects vendor's banking information and any special instructions or processes requested by vendor.

In its normal course of business, the agency will remit the following types of vendor payments via ACH: rent, payroll, storage, janitorial, postage, copier (meter/maintenance), and fire/burglary alarm. In addition to Household crisis and Utility Assistance electric payments. Senior Companion Program (SCP) and Foster Grandparent Program (FGP) volunteer payments are processed via ACH.

The assigned Fiscal employee to process ACH payments is responsible the following items are in place before initiating ACH payments (operating expenses and direct service payments).

- ACH vendor is included in the approved ACH vendor list.
- ACH payment form is submitted and signed by the different levels of approval.
- Supporting documentation for individual vendor payments is attached.
- Verify vendor ACH authorization form is filed.
- Verify the banking account information is accurate and valid.
- Prepare ACH verification form and obtain signature from Executive Director. In the absence of the Executive Director, the operations manager has authorization to sign form.
- Submit ACH payment.

ACH PAYMENT PROCESS

- Accounting Specialist prepares ACH request form(s) and attaches all supporting documentation.
- Accountant II reviews and signs ACH request form and forwards to Accountant IV.
- Accountant IV reviews and approves ACH request form and forwards to Assigned ACH fiscal staff.
- Approved ACH request form and ACH verification forms are forwarded to Executive Director for review and approval. In the absence of the Executive Director the Operation Manager is authorized to review and approve.
- The ACH request form signed by the Executive Director/Operation Manager is forwarded to the assigned Fiscal employee to initiate ACH payment in the bank.
- The assigned Fiscal employee is responsible for printing the ACH bank information for CSA records.
- After the ACH has been initiated the Accountant IV reviews bank information before ACH is submitted by assigned Fiscal staff.
- After ACH is reviewed the Accountant IV will notify the assigned Fiscal staff via email to process ACH payment(s).
- Assigned Fiscal staff submits the ACH and emails bank signed ACH verification form.
- Bank notifies Accountant IV and assigned Fiscal staff via email if ACH process is complete.
- Assigned Fiscal staff will forward all supporting documentation per each ACH file to Fiscal Clerk.
- Fiscal Clerk is responsible to scan all documents and file inside the assigned file cabinet(s) located in the filing room.

ACH VOLUNTEER STIPENDS PROCESS

Stipends are paid to Senior Companion and Foster Grandparent volunteers for time spent with clients, mileage reimbursement, and monthly meal allowance. Stipends are paid once a month. Volunteers timesheets and mileage logs are collected once a month by the SCP and FGP Supervisors and the SCP/FGP Payroll Specialist. Volunteer stipends will be paid by check for volunteer(s) that do not have a bank account. Payroll Specialist maintains list of volunteers that do not have a bank account.

- SCP and FGP Supervisors and Payroll Specialist review volunteer timesheets and mileage logs to verify forms are properly filled out, signed and that calculations are accurate.

- Periodically volunteer timesheets and mileage logs are sent to the Operations Manager for review. In the absence of the Operations Manager the Accountant IV will assign a fiscal employee. The Operations Manager will perform a random sampling of the forms to ensure forms are completely filled out and calculations are accurate. The size of the sampling will be determined by the Operations Manager based on findings. Sampled forms are signed in the right hand of the forms.
- Forms are submitted to the FGP/SCP Payroll Specialist to process in Abila.
- SCP/FGP Payroll Specialist prepares ACH request form. Supporting documentation (API's) is attached and forwarded to Accountant II.
- Accountant II reviews ACH request form and supporting documentation initials and dates.
- SCP and FGP Supervisors email volunteer payment list to Accountant IV.
- Accountant IV reviews and approves ACH request form and forwards to Payroll Specialist.
- Payroll Specialist prepares ACH verification form and submits to Executive Director/Operations Manager for review and approval.
- Payroll Specialist process ACH file when ACH verification form is signed.
- Payroll Specialist emails signed ACH verification form to bank.
- Bank emails Payroll Specialist and Accountant IV confirmation of complete files received.
- Payroll Specialist submits ACH supporting documentation to Fiscal Clerk to scan and file in assigned file cabinets.

ONLINE ELECTRONIC PAYMENTS

All online payments will be coordinated and submitted through the Fiscal Department. Online payments consist of submitting electronic vendor payments via the company's website. The Accountant IV will approve all new and changes to online payments ensuring online payments are necessary; all required documentation is provided and appropriately approved. Online payments will be performed by designated fiscal staff. In the event the assigned staff is out the Accountant IV with the authorization of the Executive Director will designate another employee.

The Fiscal department is responsible for initiating online payments on behalf of CSA.

The Accountant II keeps and maintains an approved online vendor list and schedule of payments.

In its normal course of business, CSA will remit the following types of vendor payments via online payments: CSA's telephone, CSA's utilities, CSA's internet, and supplies (Wal-Mart, Staples, etc.).

ONLINE PAYMENT PROCESS

- Accounts Payable Specialist prepares Online Payment request form and attaches vendor invoices. Form and supporting documentation are forwarded to Accountant II.
- Accountant II reviews Online Payment Request form and invoices.
- Accountant IV reviews and approves Online Payment Request form and invoices.
- Executive Director/Operations Manager reviews and authorizes the Online Payment Request Form and invoices.
- Accounting Specialist reviews all levels are signed and dated. Accounting Specialist process online payments and prints payment confirmations. Confirmations must be signed and dated by Accounting Specialist.
- Accounting Specialist submits supporting documentation (payment confirmations, online payment request form, and invoices) to Accountant IV or Accountant II for final review.
- Accountant II or Accountant I date and sign payment confirmations and submit supporting documentation to Fiscal Clerk. Fiscal Clerk is responsible to scan and file supporting documentation in the assigned file cabinet.

E. VENDOR AGREEMENTS

All client related services are provided thru a network of local vendors. Vendor agreements along with W-9s should be maintained in the Fiscal Department. All vendor agreements must be renegotiated as specified by the grant contracts.

F. VOIDS

For checks that have been returned to the Agency, it is important that the Fiscal department voids the check soon after discovering if the check is no longer valid.

1. If the returned check is no longer needed, "void-do not reissue" should be written on the check with an explanation of why it was not needed.
2. If the check is needed but was returned, Fiscal must verify if the address or the amount were incorrect, and take the necessary steps to correct and re-issue the

check, following proper accounts payable procedures and ensuring that all supporting documentation is kept on file.

SECTION 11. PAYROLL

This policy has been developed to set forth the basic requirements regarding time records, for the purpose of having better controls in the processing and authorization of payroll functions.

Payroll is prepared on a biweekly basis following the County's payroll schedule.

1. When timesheets are due, each employee should be responsible for obtaining a copy of their punch log, reviewing the punch log, and preparing their **Timesheet, Personnel Activity Reports, any necessary modification requests, leave requests, and Local Mileage Reimbursement Form EXHIBITS J-M and EXHIBIT G** for the two-week (80 hrs.) work period. After completion, timesheets and all the supporting documentation should be submitted to the employees' supervisor for review and approval. Once timesheets have been approved, they should be forwarded to the Payroll Accounting Specialist. Time sheets should be complete and filled with the necessary detail, and should be signed by the respective Supervisor.
2. The Payroll Specialist shall perform a review of the approved timesheets by comparing the timesheet with the punch logs to confirm accuracy, and should verify that each timesheet has been approved by the respective Supervisors. Once completed the Payroll Specialist will forward to the Finance Clerk for a 2nd and more extensive review to confirm accuracy. Once verified, the timesheets are returned to the Payroll Specialist for entry into the Abila Payroll System.
3. The Payroll Specialist shall prepare a Payroll Employee Coded Voucher, which summarizes the total hours worked by each employee. **EXHIBIT N**
The Accountant IV review the Payroll Voucher, then forward to the Executive Director for final approval on the total hours for that pay period. In absence of the Executive Director, he/she may designate a staff member the ability to issue approval.
4. After approval of the timesheets, payroll documentation should be returned to the Payroll Specialist. The Payroll Specialist should enter hours worked per employee in the payroll

module. Hours entered into the system from the time sheets should be balanced to a summary report generated from the Payroll system. F

5. The Payroll Specialist should setup new employees in the system, enter any other changes such as changes in pay or changes in deductions, and process terminated employees in the payroll module. Changes entered in the system should be reviewed and approved by the General Accounting Supervisor.
6. After all data has been entered, a Check Register must be printed to review hours worked per employee and check for any errors in data entry. Reconciliations of amounts for employee deductions, taxable wages, retirement contributions, and any other deductions, should be performed. If differences are noted, corrections are made and a final Check Register should be printed.
7. The Executive Director shall review the final Check Register, which provides the total amount of that pay period, and will do a final approval on payroll. In absence of the Executive Director, he/she may designate a staff member the ability to issue approval.
8. A person other than the Payroll Specialist should do the posting of the Payroll to the General Ledger.
9. An ACH from the General Fund Bank account will be processed by the Accountant IV to cover the amount generated from the payroll register. This ACH will be transferred into the Payroll Bank account on that same day. The Payroll Specialist is responsible for generating a Journal Entry to record transfer and submit to the Accountant IV for approval.
10. A voided receipt of each employee's check stub should be generated. A copy should be distributed to the employee and a copy must be kept in the Fiscal Department Payroll Records.
11. The Payroll Specialist shall reconcile insurance bills and submit a check request to Accounts Payable for the processing of insurance payments. AP shall also prepare checks for Child support payments and other payroll related expenses, based on supporting documentation submitted by Payroll. All payroll checks along with supporting

documentation should be reviewed and approved by the Accountant IV and the Executive Director. In absence of the Executive Director, he/she may designate a staff member the ability to issue approval.

12. The Payroll Specialist must prepare payroll related employee deduction reports such as:

- i. Health Medical Insurance premium (monthly)
- ii. Insurance/Disability premium (monthly)
- iii. Unemployment Report (Quarterly)
- iv. Biweekly-Payroll (ACH) Electronic tax payment (Biweekly)
- v. Worker Compensation (Monthly)
- vi. United Way (Biweekly)
- vii. 941 Tax Quarterly Report (Quarterly)
- viii. Pension Report (Biweekly)

Payroll reports such as employee deduction report and year to date employee earnings reports should be printed and filed in the Fiscal Department.

All personnel files, which house hiring and employee status information, such as W-4, I-9, etc. are maintained in the Fiscal Department-Payroll Office.

SECTION 12. CHECK SIGNATURES

This policy has been developed to provide guidance on the proper use and handling of the signature stamps.

CSA utilizes two check stamps. One stamp is of the Executive Director's signature. The second stamp is the County Judge's signature.

1. The Executive Director stamp is kept locked and in a fire proof safe in the Administration Office. The Executive Director, and Executive Secretary have access to the signature stamp. The only persons authorized to stamp the checks are the Executive Director, and Executive Secretary. In their absence, Admin I is authorized to sign out the stamp and stamp the checks.
2. The Administration Office maintains a record log for the purpose of identifying who the stamp was signed out to and the date and time it was release/returned.

3. After the check run is complete, the checks, API's, and supporting documentation shall be returned to the Administration office for thorough review, stamping and mailing of the checks. The beginning and ending check numbers printed during the use of the stamps must be noted on the Administration log.
4. A log is kept in the Fiscal Department to record the beginning and ending check numbers for each check run.

SECTION 13. INVENTORY

This policy has been prepared as a guideline for the proper recording of inventory and the safeguarding of The Community Service Agency assets.

A. INVENTORY CONTROL

All equipment, furniture and fixtures, and vehicles purchased with grant funds are the property of the Grantor Agencies; however, all property is tagged as property owned by the agency for the purpose of implementing internal control on those assets.

Equipment, tags must be securely attached to the asset so that they can only be removed through considerable or intentional means. Tagging must be visible and easily accessible during the annual inventory. All equipment must be tagged by the IT Engineer within the first 15 days after it arrives at CSA. The IT Engineer is responsible to request asset information from the Fiscal Department in regards to cost allocation and dates.

The Agency has implemented a bar code system for the purpose of tracking inventory. This bar code system was designed to scan items with an Agency tag and generate inventory reports that contain asset information such as description, serial number, acquisition date, location, cost, fund cost allocation, and condition of the asset.

It is the responsibility of the IT Engineer to maintain an internal inventory report of all assets purchased regardless of unit cost. The internal report includes the following:

- Description of property
- Acquisition date
- Acquisition Cost
- Serial #
- Condition
- Location
- % of Funding Source

The Fiscal Department is responsible to record depreciation expense at the end of the calendar year and prepare audit schedules requested by auditor.

Employees are responsible to safeguard assets entrusted to them. This includes the proper care, maintenance, control, and reasonable safeguards, to prevent damage, loss, or theft of such assets.

Department supervisors are responsible for the control of all asset items in their area and should know where all items are located. Supervisors are responsible for completing an annual inventory and making corrections to the asset list provided to them by the IT Engineer. All items which have been lost, destroyed, stolen, or that become obsolete shall be immediately reported to the IT Engineer via email. The IT Engineer will update the inventory reports when email is received and the asset will be removed and processed as per the grantor's guidelines and requirements.

The IT Engineer is responsible for preparing the grantor inventory list at the end of every grant period. As per TDHCA requirements CSA has 45 days to submit asset inventory report. The IT Engineer is responsible to update the TDHCA asset inventory report for each grant and forward to the Accountant IV and Accountant II 30 days after grant ends. The Accountant IV or Accountant II will submit the inventory report to grantor after the final expenditure report is submitted.

B. DISPOSAL OF PROPERTY

CSA must request permission from grantor agencies to transfer title or dispose of assets purchased with grant funds, regardless of the purchase price of the item(s).

SECTION 14. BANK RECONCILIATION

It is the policy of CSA that all incoming and outgoing funds to the agency's bank accounts be recorded in the general ledger on a timely basis. Frequent bank reconciliation is essential to prevent and detect fraud.

Bank reconciliation is a key component of good internal controls over cash and should be done in a timely manner. Reconciling the bank statement balance with the book balance (general ledger) is necessary to ensure that (1) all receipts and disbursements are recorded (an essential process to ensure complete and accurate financial statements), (2) checks clear the bank in a reasonable time (90 days), (3) reconciling items are appropriate and are being recorded, and (4) the reconciled cash balance agrees to the general ledger cash balance.

This policy applies to all bank accounts held by CSA.

CSA has nine bank accounts. The bank accounts are as follow:

- Bravo Zulu - Texas Veterans Grant
- General Fund - CSA and RSVP local funds, Share the Warmth
- Payroll - Process Payroll
- CSBG - CSBG grant
- CEAP - CEAP grant
- RSVP - RSVP Federal and RSVP State grants
- Private - Reliant Care Program, Neighbor to Neighbor, TX Gas, and Member to Member
- FGP - Foster Grandparent Program (Federal, State, and County Match)
- SCP - Senior Companion Program (Federal, State, and County Match)

Monthly bank statements are received at the beginning of every month. Bank reconciliations are prepared within the first 10 days of receipt by the Fiscal employees . Fiscal employees are responsible for reconciling the monthly bank statements/accounts to the general ledger/trial balance for each bank account. The general ledger/trial balance for each bank account is included as supporting documentation with the monthly bank reconciliation and filed in the Fiscal Department

The Fiscal Department must adequately safeguard all assets and assure that they are used solely for authorized purposes.

Bank Reconciliation – (Step #1)

Bank reconciliations are performed once a month upon receipt of monthly bank statement(s). Assigned Fiscal employees prepare the bank reconciliation to ensure accuracy of the financial records and determine if general ledger cash account balance reconciles to the bank statement. Upon completion the Accountant IV will review and approve the monthly bank reconciliation(s). Use the following steps to assist you when preparing the bank reconciliation.

Step 1: Click on **Activities>Reconcile Cash Accounts**

➤ Reconcile Cash Account Session

Step 2: Click on Cash Account: Select cash account

Step 3: Click on New

Step 4: Click on Reconciliation ID: Type Converted to Reconciliation and use the bank date

Step 5: Click on the Reconciliation Date: Use the bank statement date

Step 6: Click on the Bank Balance: Enter the balance on bank statement

Step 7: Click on the Checks/Vouchers tab

Step 8: Click on the box to select the checks listed on the bank statement

Step 9: Click on the Deposits tab

Step 10: Click on the box to select the deposits listed on the bank statement

Step 11: Click on the Other Cash Items tab

Step 12: Click on the box to select the journal vouchers that correspond with the bank statement

- Step 13: Click on the Suspense Items tab
- Step 14: Click on the box to select the suspense items that correspond with the bank statement
- Step 15: Click on Update
- Step 16: Check the Unreconciled Difference tab at the bottom left hand corner (amount should be zero; if it does not reconcile an amount will show indicating there is a difference)
- Step 17: Click the printer
- Step 18: Click OK (Detail report is on default)
- Step 19: Click Save

Bank Reconciliation – (Step #2) – Printing the Standard General Ledger

- Step 1: Click on **Reports>General Ledger Analysis>Standard General Ledger**
 - **Standard General Ledger Box**
- Step 2: Select Report Name
- Step 3: Change current transaction date (i.e. Monthly Statement Date) 01/01/2016 through actual statement date
- Step 4: Click the printer and print the last page of the Standard General Ledger which shows the report balances.
- Step 5: Attach the ledger balance to the bank reconciliation for approval by the Chief Financial Officer.
- Step 6: Log on to the bank website to verify if any checks outstanding have been cashed
- Step 7: Employees/vendors are contacted if checks are outstanding for more than 90 days.

SECTION 15. RETENTION OF RECORDS

The purpose of this policy is to provide general guidance on the proper management of official records of The Community Service Agency.

CSA should maintain fiscal and programmatic records for all expenditures and shall retain those records for a minimum of five years after the end of each contract period in accordance with the UGMS, Section III, Common Rule: State Uniform Administrative Requirements for Grants and Cooperative Agreements, Subpart C-Post Award Requirements, __.42. If any litigation, claim, negotiation, inspection, or other action has started before the expiration of the retention period, records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the 5-year period, whichever is later. For purposes of compliance, all associated documentation must be ready available, whether stored electronically or hard copy to justify compliance with program rules and regulations.

SECTION 16. COST ALLOCATION

CSA shall develop a reasonable, allowable, and allocable cost allocation plan in accordance with OMB Circular A-87 and submit the plan to the Grantor Agencies.

The following are categories affected by a cost allocation:

- A. Salaries

- B. Fringe Benefits
- C. Travel
- D. Equipment
- E. Supplies
- F. Contractual
- G. Rental Space
- H. Printing
- I. Utilities
- J. Postage
- K. Janitorial Services

The percentages in the cost allocation plan could vary year to year, depending on the direct and indirect costs of each of the programs administered by CSA. Consequently, cost allocations plans should be reviewed on a yearly basis, revised if necessary, and submitted to each grantor agency.

Financial Procedures Approved By:

Executive Director: _____ Date: _____

Board Approval/Authorization: _____ Date: _____

Approved by Commissioners Court on: _____