



Fiscal Policies and Procedures Manual

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GENERAL PURPOSE

The purpose of the Fiscal Policies and Procedures Manual is to establish guidelines for the Board of Directors and Olympic Community of Health (OCH) staff about standards and procedures to be applied when developing financial goals and objectives, making financial decisions and reporting the financial status of OCH. In addition, these policies will provide guidelines to allow for an effective management of OCH funds. Olympic Community of Health is a Washington nonprofit organization.

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ROLES & RESPONSIBILITIES

BOARD OF DIRECTORS

It is the responsibility of the Board of Directors to formulate financial policies, delegate administration of such policies to staff, and review operations and activities on a periodic basis. The Board of Directors adopts the annual budget by board vote. The Board of Directors oversees the general financial administration of OCH and delegates responsibility to the executive director for the day-to-day operations and financial decisions.

FINANCE COMMITTEE

The Finance Committee, chaired by the Board Treasurer, shall be responsible for the oversight and coordination of the duties outlined in the approved charter, including: annual budget presentation for Board approval, presentation of quarterly financial statements, management of fund investments, selection of the outside auditors, annual financial report, internal controls, and financial policies.

The long-term financial objectives for OCH are reviewed and approved by the Board of Directors following recommendations from the Finance Committee, presented by the executive director and/or the Board Treasurer. Expenditures and revenue objectives are recommended for OCH in accordance with Board-approved long-term plans.

The Board Treasurer, with oversight by the Board of Directors, shall have oversight over the accuracy of the accounting records. The executive director shall provide the Board Treasurer with detailed quarterly financial information, such as the Chart of Accounts, reporting formats, Accounts Payable processing, payroll input and processing, cash receipts input, journal entries for General Ledger, Form 1099 reporting, and Form 990 reporting as well as bank reconciliations and any other accounting as required.

STAFF

Under the direction of the executive director, OCH's director of administration implements general and daily financial management and reporting. The director of administration acts as the primary fiscal agent, implementing all financial policies and procedures. The executive director and the director of administration develop and present personnel expenses to the Board of Directors each year for approval as part of the annual budget. The executive director and director of administration are also responsible for preparing the annual operational budget for approval by the Board, financial reports analyzing performance to the budget, and periodic cost and productivity analyses.

BUDGETING & REPORTING

OCH regularly prepares both internal and external financial statements. OCH financial statements are prepared on the accrual basis. Presentation of the Financial Statements shall describe net assets and revenues, expenses, gains, and losses, classified based on the existence

or absence of donor-imposed restrictions. Accordingly, the net assets of OCH and changes shall be recorded as unrestricted and restricted.

Unrestricted net assets include amounts that are not subject to imposed stipulations that are used to account for resources available to carry out the purposes of OCH in accordance with the limitations of its charter and bylaws. The principal sources of unrestricted funds are grants, contributions, and investment income.

Restricted net assets are those resources available for use only for purposes specified by the donor or grantor. Such resources originate from grants and contributions restricted for specific purposes or a specific future time frame or that are required to be maintained permanently, but which OCH is allowed to use up or to expend all or part of the income that is derived from the donated assets.

INTERNAL REPORTING

Financial Statements shall be prepared at least quarterly. The Financial Statements include information about OCH funds and cash position as of the end of each month and are reviewed by the executive director and director of administration prior to submission to the Finance Committee. The Financial Statements are submitted to the Board of Directors by the Board Treasurer quarterly for final review and approval.

FRAUD AND EMBEZZLEMENT

The executive director will notify the necessary agencies, the Board President, and all major funding sources not later than one working day after the date any alleged fraud activity comes to their attention. Organizational personnel will develop the case and notify the proper authorities. If any fraud or embezzlement is identified as part of the annual financial audit and if the executive director is implicated, the auditor shall inform the Board chair immediately. After the investigation and resolution of the issue, the organization will make internal control changes to satisfy management and the Board of Directors.

REVENUE GOALS

The responsibility for reaching OCH's budgeted revenue goals on a yearly basis is shared by the executive director and the Board of Directors. The executive director and the Board Treasurer develop and propose revenue goals and objectives and submit them to the Board prior to discussion and approval.

The executive director prepares regular reports on the status of revenue generating activities and presents it to the Board and Executive Committee at regularly scheduled meetings. The Executive/Finance Committee reviews regular reports of revenues and expenditures and if necessary, makes recommendations to the Board and to the executive director of OCH related to managing expenditures relative to the results of fund development activities.

COST ALLOCATION

Costs not directly attributable to one program and one funding source are initially posted to a common cost center, which are then distributed proportionately to the variety of OCH cost

centers. These costs may include office leases, utilities, cell phone plans, standard office supplies, or any other costs deemed to benefit multiple programs.

Allocation of costs are based on labor. Labor percentages are derived from the relative number of hours worked and documented on staff monthly timesheets for each OCH program. Most common costs are distributed to programs based on the hours worked in each program as a percentage of the total staff hours worked in a month. Allocation criteria are evaluated on a regular basis e.g. annually unless significant program changes occur more frequently.

BUDGETING PROCESS

The Finance Committee and executive director shall continuously plan for the long-term financial stability the organization in accordance with OCH's long-term plans that are reviewed annually and adjusted as necessary.

OCH's executive director, director of administration and the Board Treasurer shall be responsible for preparing and presenting to the Finance Committee an annual operating budget draft for Board approval prior to the beginning of each fiscal year (January). Prior to submission to the Board, the executive director shall review the specific revenue goals tied to the fundraising activities of OCH and make recommendations to the Board Treasurer and Finance Committee. In addition, all relevant staff shall actively participate in the planning of upcoming program expenditures and formulate recommendations to the executive director as the annual operating budget is being finalized for presentation to the Board.

CASH MANAGEMENT

Cash and cash equivalents include all cash balances and highly liquid investments with maturity of six months or less. OCH investments shall be reviewed biannually by the Finance Committee, led by the Board Treasurer. Investment policy is reviewed and updated as needed by the Board. The Finance Committee shall use due diligence in overseeing the investments of OCH funds, by establishing and monitoring an investment strategy that gives proper recognition to risk and return.

FUNDS AND BANKING

Funds of OCH shall be deposited in OCH's bank accounts designated by the Board of Directors. OCH maintains a checking account and savings account. These accounts may be changed as OCH's financial conditions and requirements change. OCH's CFO Contractor will receive and review all bank statements for the organization. The director of administration and the CFO contractor will assure the bank statements are reconciled monthly. The director of administration shall maintain and oversee bank accounts and ensure OCH's day-to-day financial operations.

All checks, cash, money orders, and credit card deposits are deposited in the appropriate accounts. The executive director or the director of administration may transfer monies from the savings account into the checking account when necessary. Checks are written monthly based on staff completed check request forms and/or regular approved vendor invoices each month to meet monthly OCH financial obligations, or ongoing operational expenditures. Checking and savings accounts statements are reconciled monthly and serve as an internal control to assure

all entries have been made to the general ledger system and possibly discover bank errors or theft.

INVESTMENTS

Investments are made in accordance with the OCH Investment Policy and, if applicable, are reported with the financial statements at the market value. The Finance Committee evaluates the general investment strategy for organization to ensure the portfolio's proper diversification, security and return on investments. If applicable, the Finance Committee may recommend adjustments to the Board for review and revision.

FUND ACCOUNTING

In observance of limitations and restrictions placed on the use of resources available to OCH, the accounts of OCH are maintained in accordance with the principles of fund accounting. Under these procedures, resources for various purposes are classified for accounting and maintained for each fund.

SIGNATURE AUTHORIZATION

The executive director, director of administration, and at least two officers of the Board of Directors are authorized to sign all checks, drafts, or orders for payment of money issued in the name of OCH and have signed required documents at OCH's bank. The director of administration and the CFO contractor will maintain a record of all checks distributed and cashed through the OCH checking account to ensure that no checks are inappropriately issued.

All contracts, commitments for services in the name of OCH, and other legal obligations shall be signed by the executive director. The Executive Committee will review contracts over \$50,000 and, together with management, recommend approval by the Board of Directors. If this is not possible, then the Board authorizes the Executive Committee to approve these contracts with an immediate notice to the Board of Directors.

CASH OPERATIONS

OCH's bookkeeper and accountant maintain standard accounting records containing all aspects of OCH's financial operations. They include but are not limited to a general ledger, a check register, and a payroll register.

REVENUE RECOGNITION

All contributions shall be recorded in accordance with GAAP, with specific attention to standards ASC 958-605-25. Contributions are recorded as pledged or received in accordance with ASC 958-605-25, and must be credited to the appropriate revenue lines as presented in the annual budget and coded with the appropriate account number as designated in OCH's Chart of Accounts.

CASH RECEIPTS

The following procedures for cash/checks received through the mail or given to an organization representative shall be in place: mail is distributed to the director of administration, cash and checks are deposited in OCH bank account by the director of administration, a log of deposits is

included in the bank register which is given to the CFO contractor on a monthly basis for review and recognition in the financial statements.

A copy of the bank deposit slip is retained in chronological order with copies of the deposited checks. All cash and checks shall be deposited upon receipt.

The same procedures followed for cash receipts shall be followed when monies are received by employees as contributions during special events.

RECEIPTS TO DONORS

All donors and contributors shall be properly acknowledged of their contributions in accordance with IRS Guidelines. The director of administration shall ensure proper recognition of contributors and grantors.

CASH DISBURSEMENTS

The Board shall authorize the executive director or their designee to make whatever purchases are needed for the day-to-day operation of OCH and in accordance with the approved annual organization budget and bylaws, which authorizes non-budgeted expenditures under \$5,000. All authorized expenditures shall be coded by account number using OCH's Chart of Accounts. All purchases are made in accordance with the OCH Procurement Policy. All expenditures are reviewed monthly by the director of administration. Expenditures greater than \$150 require the approval of the executive director. No purchasing agent may make purchases for their sole benefit without the prior approval of the executive director.

Invoices shall be forwarded to the director of administration or their designee for approval. Following the review and approval, the director of administration will forward to the CFO contractor to log into Quickbooks and prepare checks. Checks are forwarded to the executive director for signature. Upon payment of a bill, the original bill will be stamped "Paid" with the check number or credit card payment date. The CFO contractor will provide a duplicate stub and copy of bills to be included with monthly financial reports.

Voided checks shall be marked "VOID" boldly written in ink across the face of the check and the signature portion of the check will be torn off. The voided check shall be filed with other canceled checks upon review of documentation by the Board Treasurer. A check outstanding for more than six (6) months will be voided with a stop payment request to the bank. All voided checks will be kept on file.

The executive director and the director of administration will have sole access to debit cards linked to the OCH bank account. The executive director may designate employees to have access to OCH credit cards. Credit cards will have a daily and monthly spending limit and may only be used for the express purposes designated for that specific cardholder. The cardholding employee is responsible for retaining receipts from credit card purchases and will prepare a report of expenses monthly for the director of administration. The director of administration will review the reports prior to payment of the credit card bill. Monthly debit card expenditure reports are prepared by the director of administration. The director of administration will send

the debit and credit card spending reports for review and approval by the CFO Contractor. Appropriate corresponding receipts will be attached for each expenditure. These monthly checking account statements reconciliations serve as an internal control to assure all entries have been made to the general ledger system and possibly discover bank errors or theft.

REIMBURSEMENTS

Expenses pre-approved and directly related to OCH business activities (mileage, meals, hotel, supplies, etc.) will be reimbursed to employees upon submission of an Expense Reimbursement Form.

PETTY CASH

OCH will maintain petty cash funds in accordance with the Petty Cash policy.

PROCUREMENT

All purchases must be previously budgeted, and all purchases over \$150 require the advance, written approval of the executive director. Employees of OCH will honor the community we serve by supporting local and minority owned businesses whenever possible and not in violation of this policy. Purchasing agents will avoid a conflict of interest or the appearance of a conflict of interest and avoid any situation where they may gain personally.

PURCHASE REQUESTS

Any employee requesting a purchase must make a clear and accurate description of the technical or professional requirements of the material, product, or service to be procured, including the minimum quality or performance requirements of such purchase. Purchase requests may be made via email to any employee authorized to make a purchase on behalf of OCH. If an employee with purchasing authority wishes to make a request for their sole benefit, such request must receive the advance approval of the executive director.

PURCHASE ORDERS

All purchase requests over \$500 will require a purchase order form, to be completed by the purchasing employee. Forms will contain the following information:

1. Whether the purchase has been previously budgeted
2. Revenue source to be charged
3. Detailed description of the item needed
4. Approximate cost of the item (must be within 10% or \$500 of the final purchase price, whichever is lower, including tax, shipping, handling and other costs)
5. Vendor information
6. For grant-funded purchases, certain purchases may require advance grantor approval in writing
 - a. Purchases of this nature must be tracked in the grant documents and the grantor contacted for disposal instructions when the asset is retired.

RECEIVING PURCHASED ITEMS

Items received by OCH via mail or courier will be checked in by an employee who did not make the purchase and compared to the receiving slip (packing slip). If the package does not contain a

receiving slip, the employee opening the package will complete a Record of Receipt form. The employee will then give the items and the receiving slip or completed Record of Receipt to the purchasing employee to be verified against the original purchase request or purchase order.

INVOICE APPROVAL

When invoices are received from vendors, the director of administration or their designee will verify the accuracy of such invoice, including comparison to the original purchase request or purchase order and receiving slip if applicable. Approved invoices are paid via credit or debit card or sent to the CFO Contractor to be paid via check. Payments will be made based on original invoices only. Once paid, the invoice will be marked "Paid" with the credit card or check detail and filed with supporting documentation as applicable.

PURCHASING THRESHOLDS

There are five available methods of procurement for each purchase. These methods shall be as restrictive as the Uniform Grant Guidance or more restrictive according to the Fiscal Policy of the OCH. Purchases may not be separated into a series of requisitions or purchase orders from the same vendor for the purposes of avoiding the threshold limit.

1. Micro-purchases: Less than \$2,500 (or \$2,000 for purchases subject to the Davis-Bacon Act)
 - a. No competitive quotes required
 - b. Spread purchases out among qualified suppliers
2. Small purchases: Between \$2,500 and \$150,000
 - a. Rate quotes must be obtained from three qualified sources where possible
 - b. Quotes can be obtained from suppliers or from public websites
3. Competitive Proposals: More than \$150,000
 - a. OCH must complete a publicly advertised Request for Proposal
 - b. There must be a written policy for conducting technical evaluations of reviewing proposals and selecting the recipient
 - c. Most advantageous bid wins, price and other factors considered
 - d. If OCH determines that it is in the best interest of OCH, any or all quotations or bids may be rejected, new quotations or bids may be called for, or the OCH may enter into direct negotiations with a vendor to obtain the most favorable purchase terms.
4. Sole source: Any amount, must meet one of the four following criteria
 - a. Good/service is only available from a single source
 - b. Only one source can provide the good/service in the timeframe required
 - c. Written pre-approval is received from awarding agency (for grant-funded purchases)
 - d. Competition is deemed inadequate, after solicitation attempts through one of the other methods.

PURCHASES EXEMPT FROM COMPETITION

The following purchases may be made without requesting quotes or competitive bids if they are less than \$50,000:

1. Goods and services that meet an emergency requirement as authorized by the executive director.
2. Postage and postal services.
3. Utilities.
4. Insurance.
5. Office space rental agreements.
6. Original equipment manufacturer repairs and services.
7. Ongoing maintenance agreements for previously purchased equipment and software.
8. Upgrades or purchase of additional modules/features of previously purchased equipment and software.
9. Professional licenses and memberships.
10. Publications and subscriptions.
11. Miscellaneous fees.
12. Training, conferences, and seminars.
13. Repair or replacement of rental equipment.
14. Legal and promotional advertising.
15. Purchases at auctions if the items can be obtained at a competitive price.
16. Expert witnesses for legal proceedings.
17. Legal and public defender services.

VARIANCE OR CHANGE ORDERS

As long as it does not change the threshold of the total purchase, cost variances in the lesser of \$500 or 10% of the original purchase price will be paid without further supervisor approval. Total purchases exceeding the lesser of 10% or \$500, or that put the purchase into a new purchasing threshold will require the approval of the executive director. If the increase moves the purchase into another threshold, the original purchase order will be void and the procedures applicable to the new threshold must be followed.

GRANTS AND CONTRACTS

For all grants and contracts, whether federal, state or privately funded, the OCH's grant manager responsible for the grant or contract shall ensure that contract related purchases will be in accordance with the applicable rules, regulations, and any other terms, directives and conditions contained within the grant or contract award. It is the responsibility of each grant manager to ensure and document adherence to these additional requirements. It is the responsibility of the director of administration to properly store and file all existing contracts. Prior to contract execution, the director of administration will check for contractor suspension and debarment per the OCH Suspension and Debarment Policy.

OTHER POLICIES & PROCEDURES

CONFIDENTIALITY AND RECORDS SECURITY

Financial records are restricted materials with limited access. Only the executive director, director of administration, and the Board Treasurer (or others so authorized by the Board) shall have access to financial records (vendor files, checks, journals, payroll, etc.). All payments,

transactions and invoices shall be filed with supporting documentation, and files should be kept confidential.

DEEDS, CONVEYANCES, LEASES & CONTRACTS

OCH leases space to conduct its normal business activities. Copies of all leases will be maintained in the OCH office.

DONATED MATERIALS AND SERVICES

Donated materials and equipment shall be reflected in the Financial Statements at their estimated values measured on the date of receipt.

DONOR-IMPOSED CONDITIONS

Transfers of assets and promises to give with donor-imposed conditions should be recognized as contribution revenue when the conditions have been substantially met or when the conditions have been explicitly waived by the donor, i.e. a contribution of cash or a promise to give cash in support of a proposed program should be recognized when the program is undertaken. Transfers of assets with donor-imposed conditions should be reported as refundable advances until the conditions have been substantially met. Transfers of assets on which resource providers have imposed conditions should be recognized as contributions if the likelihood of not meeting the conditions is remote.

GRANT CONTINGENCIES

Grants often require the fulfillment of certain conditions as set forth in the related instrument. Failure to fulfill the conditions could result in the return of funds to the grantors. It is the responsibility of the executive director to oversee the fulfillment of grant conditions. All grants shall be properly acknowledged in accordance to IRS regulations and all grantors shall be properly recognized.

INCOME TAXES

OCH is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, for income tax purposes, we will operate as a nonprofit and reflect this in our financial statements. OCH's tax ID is: 81-4591222.

INDEPENDENT AUDIT

OCH will have an audit of its financial statements annually, beginning in 2017.

The Board Treasurer shall recommend to the Board of Directors for approval the selection of a firm to conduct the annual OCH audit. In addition, the Finance Committee shall assist when necessary in the audit preparation and report the final results to the Board of Directors. A representative of the audit firm will be invited to attend a Board Meeting to make a presentation to the Board.

All reports which result from reviews of audits of the accounting and other financial systems will be routed immediately to the executive director, who will then share this information with the Board of Directors. The executive director or their designee will be responsible for preparing any needed written response to the review or audit recommendations. They will be responsible for

providing any necessary corrective action. The auditor or other reviewing agency will be notified within three months of the issuance of the recommendations of the actions that will be taken by the agency and the projected timetable for these actions.

INSURANCE AND BONDING

Reasonable and adequate coverage is maintained to protect OCH's interests as well as the interests of the Board of Directors. The following insurance policies shall be kept on a yearly basis: General Liability Insurance, Directors and Officers Liability Insurance, Workers Compensation Insurance, and Employees Health Insurance and Dental Insurance.

Insurance policies shall be maintained with the insurance files on a yearly basis. Insurance policies shall correspond to the fiscal year whenever possible. Insurance Policies shall be reviewed by OCH's executive director before renewal each year.

PAYROLL-RELATED TRANSACTIONS

Payroll is executed monthly (on the fifth day of the following month of work) using a payroll service. Each OCH staff person is responsible for entering their daily time worked into the online timekeeping system. These reports and the project and tasks entered are approved by the director of administration or executive director monthly, then reported to the CFO to be entered to the payroll service for payment to individual staff and used to prepare monthly financial statements and grant reports. Direct deposit of payroll to individual staff bank accounts will be the preferred method of payment. The CFO reconciles payroll reports with the checking account statements provided by the OCH.

It shall be the responsibility of the director of administration to ensure that existing employees who resign, are terminated or who are retiring pay any amounts due to OCH and return all OCH property before a final paycheck is issued.

PROPERTY AND EQUIPMENT

Property and equipment shall be stated at historical cost. For assets over \$2000, depreciation is computed over the estimated useful lives of the assets using the straight-line method. A depreciation schedule shall be prepared and implemented by director of administration and reviewed by the CFO contractor on an annual basis, taking into consideration the annual equipment inventory.

TRAVEL

Travel expense reports for authorized local and out of state travel are completed by each employee as appropriate on a monthly basis and then submitted to the director of administration for payment. The executive director will approve the reimbursement requests of the director of administration. Travel expenses will be paid in accordance with the Travel policy. Travel to out of state trainings, conferences and meetings must have prior approval by the executive director. The annual budgeting process includes funding for projected necessary staff travel and training and is approved by the Board of Directors.

A Board Member traveling to represent OCH as authorized by the Board of Directors to assist in OCH business will be reimbursed for travel and expenses in the same manner that staff

members are reimbursed. These expenditures will be approved by the Board President, unless the travel is for the Board President, in which case the Board Vice President or Board Treasurer are also authorized to approve these expenditures.

RECORDS RETENTION

The following fiscal records shall be retained in OCH office files for a minimum of seven years following the end of a fiscal year (December 31st):

- Check registers, warrants or vouchers accounting for payments/expenses. Supporting documentation including original invoices and receipts
- Cash reconciliations for bank accounts from the bank statement to general ledger
- Any Investment reports
- Travel and other authorized expenses
- Payroll records
- Monthly and YTD budget, expense and revenue reports
- Copies of Bank deposit slips with copies of checks
- Monthly expense reports and copies of invoices submitted to funders
- Accounts payable and accounts receivable, including aging reports
- Contracts specifying services, duration and rate of compensation
- Capital Equipment inventory and depreciation schedules