



**Cortland County Community Action
Program, Inc. (CAPCO)**

**FINANCE POLICIES & PROCEDURES
MANUAL**

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Contents

INTRODUCTION	1
RESPONSIBILITIES	2
ACCOUNTING AND FINANCIAL REPORTING PRINCIPLES	2
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	3
ACCOUNT CODING STRUCTURE	4
ACCOUNTING PROCEDURES AND INTERNAL CONTROLS.....	7
Procurement	7
Contracts	10
Purchase Order System	11
Credit Cards	11
Petty Cash.....	12
Disbursements	13
Cash Receipts	14
Transactions and Documentation.....	15
General Journal Entries	15
Bank Reconciliation	16
Non-Expendable Personal Property.....	16
Cash Control	17
Travel Expense Reimbursements	18
Matching Share	19
PERSONNEL & PAYROLL PROCEDURES.....	22
Payroll Records	22
FIXED ASSET MANAGEMENT	23
Capitalization Policy.....	23
Contributed Assets	23

Establishment and Maintenance of a Fixed Asset Listing	23
Receipts of Newly-Purchased Equipment and Furniture.....	24
Depreciation and Useful Lives	24
Repairs of Fixed Assets	25
Dispositions of Fixed Assets.....	25
Write-Offs of fixed Assets	25
COST ALLOCATION	26
FINANCIAL REPORTING	26
Internal Reporting	26
Reporting to Funding Sources	26
DOCUMENT RETENTION POLICY.....	27
INVESTMENT POLICY.....	27
UNRELATED BUSINESS ACTIVITY	28
Approval Required by Board of Directors	28
Identification and Classification.....	28
Reporting	29
CONCLUSION.....	29
Appendix A: Cost Allocation Plan	30
Appendix B: Record Retention Policy	35

INTRODUCTION

This manual is intended to serve as Cortland County Community Action Program, Inc. (CAPCO) guide for accounting and financial reporting. It establishes a basic accounting framework and an expanded reporting system through the use of computerized financial management software. The Guide also contains financial and administrative procedures that reflect the handling and flow of transactions and the separation of duties that are critical to effective internal control. Procedures are described and internal controls may be derived from them. Financial procedures generally relate to the activities that enhance the integrity and reliability of accounting and financial reporting.

Financial reporting encompasses both internal and external reporting. Extensive internal reporting creates a complete audit trail from data entry to financial reporting. Financial reports by department, program and funding source, a balance sheet for the nonprofit entity, and an organization-wide report of revenues and expenditures are produced by this system. These internal reports provide the basis for external reporting in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the American Institute of Certified Public Accountants (AICPA).

Actual costs are compared to budget so that timely budget revisions may be initiated, and future budgets may be based on prior cost experience. Accounting results accurately reflect costs to the extent that expenditures are properly assigned independent of budgets, thereby creating a valid comparison between budgeting and accounting.

The design of the computerized accounting system gives CAPCO the ability to meet disparate needs within a single financial system. It encompasses employee leave costing and allocation, salary costing, fringe benefit costing and allocation by employee classification, and a variety of internal reports for use by management. The system accounts for indirect costs and allocates them according to an approved Indirect Cost Allocation Plan.

RESPONSIBILITIES

Board of Directors

The Board of Directors approves overall financial policies as a part of its responsibility for the management and overall control of the organization. The Board is responsible for determination of major personnel, organizational, fiscal and program policies and final approval of all program proposals and budgets as well as, enforcement of compliance with all conditions of all grants. The Board exercises the final and legal responsibility for all programs. The Board is responsible for approving the salary and fringe benefit package for the Executive Director of the Agency, as well as any Executive Director credit card transactions, and travel related expenditures. The Board is also responsible for engaging the Certified Public Accountants to perform the Single Audit.

Finance Related

Financial duties and responsibilities are separated so that no single employee has sole control over receipts, disbursements, payrolls, and bank reconciliations. To the extent possible, duties are substantially segregated to overcome minimal rotation of duties due in part to limited staff.

Separate bank accounts are kept to a minimum in order to strengthen control over cash and minimize transfer activity.

Confidentiality

It is expected that all members of the Board of Directors and all CAPCO personnel will use discretion when discussing Agency business.

Client information should not be discussed with anyone outside the Agency. Contract information pertaining to a particular funding source should be limited to internal discussion and correspondence with the funding source and auditors.

ACCOUNTING AND FINANCIAL REPORTING PRINCIPLES

Generally Accepted Accounting Principles

Generally Accepted Accounting Principles (GAAP) for nonprofit organizations establish a degree of uniformity for communicating financial data. GAAP are issued by the American Institute of Certified Public Accounts (AICPA) through Audit Guides and Statements of Positions (SOP's). The Financial Accounting Standards Board (FASB), as the official

principles-setting body for public accountings, issues pronouncements in the form of Statements of Financial Accounting Standards (SAFS). SAFS No. 32 has the effect of approving the audit guides and SOP's and giving them a status of Preferable Accounting Principles.

The computerized accounting and financial reporting system used by CAPCO establishes a sound basis for complying with these guidelines and standards. The structure of the computer software system enhances the ability to meet accounting principles and to serve as a sound basis for required external financial reporting. In addition, a variety of internal reports at various levels of detail and summary provide management and the Board with timely information to manage and oversee operations.

Project Accounting

The structure of the accounting and financial reporting system complies with established principles and standards and achieves proper segregation and accountability for the organization. These are achieved through a single General Ledger and Balance Sheet for the organizational entity. At the end of the organization's fiscal year, the internal Balance Sheet and Revenue and Expenditure reports serve as a basis for preparing the audit report.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

"Basis of Accounting" refers to the recognition of revenues and expenditures in the financial statements. It relates to the timing of transactions and affects the measurements and comparisons that are made by users.

In accordance with GAAP, CAPCO utilizes the accrual basis of accounting. The accrual basis of accounting most accurately reflects revenue and expenditures in the proper accounting period. Under the Accrual Basis of Accounting, expenditures are recorded when the goods and services are received which is the time the related liability is created. Each month the accounts are held open for several days to accumulate all material accrued expenditures so the actual expenditures may be compared to budgeted expenditures in monthly financial reports. At the end of the organization's fiscal year, the accounting system is held open in order to reflect all accrued expenditures in the internal financial reports and external financial statements.

In connection with grants and contracts, awards are not recognized as revenue unless funds are immediately available. Generally, expenditures are the prime factor for determining earned revenue. This synchronizes the accounting and financial reporting system with the requirement that expenditures must be incurred before reimbursement is due.

If cost sharing or matching requirements exist, local matching revenue is periodically attributed to grant funded programs. The amounts recorded are based on estimates of the fair market value of the contribution by the contributor.

ACCOUNT CODING STRUCTURE

The Account Coding Structure establishes the fundamental design of the accounting and financial reporting system. The accounting code structure is based on the organization as the legal and accounting entity. This eliminates the need for separate asset, liability, and fund balance accounts for each grant or contract.

General Ledger Account Structure Segments:

The account structure records at the lowest level of activity to render financial reports in detail and summary. The financial reporting system requires all transactions have a value in each segment.

Segments:

Company
General Ledger Account
Department
Program
Funding Source
Site/Building
Functional Area
National Goals/Services

A. *Company Code*

Identifies the Company: 1 = Cortland County Community Action Program, Inc.

B. *General Ledger Account Codes:*

Consist of a six-digit code to identify Asset, Liability, Fund Balance, Revenue and Expense categories. Codes are assigned as follows:

100000-199999 Asset accounts
200000-299999 Liability accounts
300000-399999 Fund balance
400000-499999 Revenues
500000-699999 Expenditures
800000-899999 Transfers

C. *Departments:*

Consist of a three-digit code assigned to each Agency Department

CDC	Consumer Directed Services
ECD	Early Childhood Development
ESD	Energy Services
FDD	Family Development
KIT	CAPCO Kitchen
WIC	Women, Infants and Children

D. Programs:

Consist of a three-digit code assigned to capture program activities within a Department/Funding Source (grant or contract). Listed below are the major programs, a complete list is maintained in the fiscal department, a copy is on internal public folder.

CDC	Consumer Directed Care
CDI	Consumer Directed In-Home Care
VTP	Volunteer Transportation Program

EHS	Early Head Start
ETA	Early HS Training & Tech Assistance
HSP	Head Start
TTA	Head Start Training & Tech Assistance
UPK	Universal Pre-K

CAT	Clean and Tune
COO	Cooling
ELR	Electrical Reduction
EMR	Emergency Repairs
FRP	Furnace Replacement
WAP	Weatherization Assistance
WGP	Weatherization General

CAA	Community Action Angels
CCC	Cortland Covid Cares
FDC	Family Development Credential
FLP	Literacy Program
FRC	Family Resource Center
HAN	Health and Nutrition

EPC	Enhanced Peer Counseling
WIC	Women, Infant and Children

MAG	Management and General
FUN	Fundraising Events
JAN	Janitorial
RAM	Repair and Maintenance

E. *Funding Source:*

Listed below are the major funding sources, a complete list is maintained in the fiscal department, a copy is on internal public folder.

Funding Sources (grants/contracts/projects) listed below are entered in the financial report system by contract year. Example: CSBG contract for period 2020-2021 is entered as 20.21CSBG.

CSBG	Community Services Block Grant
HFNY	Healthy Families of New York
NOEP	Nutrition Outreach and Education Program
HSEHS	Head Start / Early Head Start
UPK	Universal Pre-K
USDA	US Department of Agriculture
WAP	Weatherization Assistance Program
WIC	Women, Infant and Children

Funding Sources (grants/contracts/projects) listed below are not tied to a specific year, or are used to capture costs to be allocated.

ADMIN	Administration
BLG	Main Office Building
DONAT	Donations
EISEP	Expanded in-home Services for the Elderly Program
FEEFSVC	Fee for Service
HEAP	Home Energy Assistance Program
MAINT	Maintenance (in-house)
MEDICAID	Medicaid
None	No Project Code
NYSERDA	NYS Energy Research and Development Authority
SMBLG	South Main Building
VTPMEDICAID	Volunteer Transportation Program (Medicaid)

F. *Site/Building:* Program defined field, capture data for reporting purposes.

Examples:

Energy Services tracks costs for WAP, HEAP, NYSERDA Jobs
CAPCO offices and program sites

G. *Functional Areas:* Program defined field, capture data for reporting purposes.

Examples:

educ Education
hlth Health
nutr Nutrition

- H. National Goals/Services: Program defined field, capture data for reporting purpose.
Examples:

6snpk	Snack Pack
1getahead	Getting Ahead
5brd	Board Activities

The current chart of accounts is maintained in the fiscal office, a copy is in the internal public folder

ACCOUNTING PROCEDURES AND INTERNAL CONTROLS

Procurement

The organization complies with the procurement standards contained in the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – more commonly known as the “Super Circular” and codified at 2 CFR part 200. The major provisions of these requirements are summarized below:

1. General Procurement Standards (section 200.318)
 - a. No employee, officer, or agent must participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.
 - b. Additionally, no employee, officer, or agent must participate in the selection, award, or administration of a contract supported by a Federal award if there exists an organizational conflict of interest. An organizational conflict of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.
 - c. Agency coordination of purchases will assure the avoidance of purchasing unnecessary or duplicative items.
 - d. Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed procurement, and who have not been suspended or debarred

- from providing goods or services for federally funded programs.
- e. Procurement records and files for purchases in excess of \$50,000 shall minimally include the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

2. Competition (section 200.319)

- a. All procurement transactions must be conducted in a manner providing for open and full competition. To that end, all solicitations must incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such descriptions must not contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Solicitations must also identify the requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

3. Methods of Procurement to be Followed (section 200.320)

- a. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$3000 (or \$2000 in the case of acquisition or construction subject to the Davis-Bacon Act). To the extent practicable, micro-purchases must be distributed equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotes if the non-Federal entity considers the price to be reasonable.
- b. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold (currently \$250,000). If small purchase procedures are used, price or rate quotes must be obtained from an adequate number of qualified sources.
- c. Procurement by sealed bids. This method is to be used when purchases over \$50,000 are made utilizing CSBG funding. Bids are publicly solicited and a firm fixed price contract is awarded to the responsible bidder whose bid, conforming with all of the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is also preferred for procuring construction, if the conditions following apply: a complete, adequate, and realistic specification or purchase description is available; two or more responsible bidders are willing and able to compete effectively for the business; and the procurement lends itself to a firm fixed

price contract and the selection of the successful bidder can be made principally on the basis of price. If sealed bids are used the following requirements apply: The invitation for bids will be publically advertised and bids must be solicited from an adequate number of know suppliers, providing them sufficient time prior to the date set for opening the bids. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond. All bids will be publicly opened at the time and place prescribed in the invitation for bids. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of. Any or all bids may be rejected if there is a sound documented reason.

- d. Procurement by competitive proposal. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical. Proposals must be solicited from an adequate number of qualified sources. The non-Federal entity must have a written method for evaluation of the proposals received and for selecting recipients. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors being considered.
- e. Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used when one or more of the following circumstances apply: The item is only available from a single source. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity. After solicitation of a number of sources, competition is determined to be inadequate.

4. Contracting with Small and Minority Businesses, Women's Businesses, and Labor Surplus Area Firms. (section 200.321)

- a. All necessary affirmative steps must be taken to assure that small and

minority businesses, women's businesses, and labor surplus area firms are used when possible.

- b. Affirmative steps include: Placing qualified small and minority businesses and women's business enterprises on a solicitation list. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development of Commerce.

5. Contract Cost and Price (section 200.323)

A cost price analysis must be performed in connection with every procurement action in excess of the Simplified Acquisition Threshold (currently \$150,000). The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, independent estimates must be made before receiving bids or proposals. Profit must be negotiated as a separate element of the price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work. Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in the negotiated prices would be allowable for the non-Federal entity under Subpart E – Cost Principles of this Part. The cost plus a percentage of cost methods must not be used.

Contracts

A contract for services is used to acquire professional or technical services. These persons are independent contractors and not CAPCO employees. All contracts for services, as well as lease agreements for equipment or space, must be executed by the Executive Director, Deputy Director, or Board President and contracts for services or lease agreements exceeding \$25,000

in cumulative total require Board approval

The Contract for Services will include the following:

1. A W-9 Form signed by the contractor.
2. A debarment letter.
3. Generally, Current original Certificate of insurance showing Cortland County Community Action Program, Inc. as the Certificate Holder with policy limits for Workman's Compensation and Liability Insurance mailed directly from the insured's insurance company.

Purchase Order System

The electronic purchase order system is used to initiate purchases for goods and services. Permission to initiate purchase orders in the system is granted to Program Directors and their designees. A properly completed purchase order shall be required for each purchase decision, except for travel advances and expense reimbursements, which require the preparation of a separate form described elsewhere.

When a purchase order is created and approved, it is necessary that the person approving the Purchase Order:

1. Determine if the expenditure is budgeted
2. Determine if funds are available
3. Determine if the expenditure is allowable and necessary

Authorizations and Purchasing Limits

The electronic system approval rules require that each Program Director and the Fiscal Director approve all purchase orders for their programs. Any purchase of \$500 or more also requires the approval of the Executive Director.

Credit Cards

Each Program Director, the Deputy Director, and the Executive Director have Agency Credit Cards. These cards are in the individual's names to track use/purchases. The following requirements must be followed in the use of these credit cards:

- The corporate credit card may only be used for allowable expenses.

- When it is necessary to use the corporate credit card, staff must still follow all other fiscal procedures. A Purchase Order must be completed before ordering or committing agency funds. Receipts for items purchased with the credit card must be turned into the fiscal office.
- The credit card is the responsibility of the Director to whom it is assigned.
- CAPCO may not be responsible for any unapproved purchases.

Gas credit cards are assigned to agency vehicles. Approved staff are issued a unique security PIN for use with the card. Receipts for gas purchases are to be turned in as purchases are made and these are reconciled with the billing statement each month.

Other credit cards such as store cards (i.e. Wal-mart) are kept in the Fiscal Office and may be signed out by authorized staff for approved credit purchases. The requirements above apply to these cards.

Cardholder Responsibilities:

- Every month, each cardholder will be provided with a statement detailing the expenditures that were charged to their corporate credit card. The cardholder will review this statement within five days for any discrepancies.
- Any fraudulent or other unauthorized charges shall be immediately pointed out to the Finance Director for further investigation with the credit card provider.
- Personal use of corporate credit cards is strictly prohibited. Any personal use will subject the employee to the Organization's disciplinary proceeding as indicated in the Personnel Policies and Procedures Manual.
- Each cardholder shall indicate their approval of the statement by signing the statement. The statement shall then be forwarded to the fiscal office, accompanied by original supporting documentation for all charges. Documentation of meals, travel and valid business entertainment expenditures shall include all the same elements as described in the travel policy.

Petty Cash

The petty cash funds are maintained to pay for small cash purchases made by program staff. The limit on the petty cash fund is \$400.00. The agency petty cash fund is maintained by the fiscal department. Tax cannot be paid for out of this fund. Any person requesting reimbursement for a programmatic purchase will be personally responsible for any tax paid. Tax exempt certificates are available and can be picked up in the fiscal office.

A \$30.00 ceiling per purchase is allowed on petty cash to restrict large purchases to prior

approval through the purchase order system. No purchase will be reimbursed unless accompanied by a vendor's receipt. A petty cash voucher with authorized signature and account distribution must be completed for all petty cash expenses.

Disbursements

General

All disbursements are made by check or eft, except for minor petty cash transactions. Disbursements result in an accounting transaction that decreases the liability Accounts Payable with a reduction to cash in the bank. Disbursements are only made on the basis of a properly executed contract, approved invoice, travel request, or mileage report.

Check disbursements are made for all programs from a General Operating account. Additional checking or savings accounts are maintained and appear on the organization's General Ledger and Balance Sheet.

The Accountant shall be responsible for all blank checks and for maintaining appropriate inventory control and security.

Disbursing Authority

All check disbursements require two signatures, checks over \$1,500 require one of the signatures is a Board Officer. Authorized signatures are: Executive Director, Deputy Director, Board of Directors President, Vice-President, Secretary and Treasurer.

Procedure

Approved invoices shall be processed for payment, as follows:

1. Checks shall be prepared to coincide with batches of approved invoices being paid. Generally, checks will be prepared every other week.
2. A copy of the check stub is attached to the invoices that are being paid with that check.
3. The payment (check copy and invoices being paid) is filed alphabetically by vendor. These files are retained for seven fiscal years.
4. The payment disbursement report is review and approved by the Financial Director.
5. Checks and supporting documentation are given to the Executive Director and other signors for review and signature. Signed checks are returned to the Finance Department to prepare for mailing.

6. Checks to be mailed are given to the receptionist to post and mail.
7. Check Registers are filed chronologically by month.

Voided Checks

Voided checks will have VOID written across the face of the check. Following processing in the financial reporting system, voided checks will be maintained numerically.

Unauthorized

Checks shall not be prepared in contravention of the foregoing procedures. In addition, checks shall not be:

1. Prepared out of sequence
2. Signed in advance or without a payee
3. Prepared on the basis of verbal authorization

Cash Receipts

General

The term cash is used in a broad sense and includes currency, checks, money orders, electronic bank transfers, and money on deposit with banks.

A cash receipt, regardless of form, is the accounting authorization for increasing a recorded cash balance. Usually, the entry to record cash results in a corresponding increase in revenue; although the offset can also be an increase to a liability (Notes Payable), or a decrease to another asset (Accounts Receivable).

Procedure

Cash is derived from various sources:

1. Receipts from agencies in connection with grant awards or contractual agreements
2. Miscellaneous receipts for program support
3. Donations

All checks or cash received, through the mail or otherwise, will be turned over to main office receptionist for processing. The receptionist will log all receipts in the In-coming Funds excel

file with the date received, date of the check, who the check or cash is from, and the amount of the check or cash. The receptionist will then contact the Finance office who will pick-up the cash and checks and place them in a locked drawer until the deposit is prepared

The accountant prepares the deposit slip and takes the deposit to the bank. Deposit is recorded into the financial reporting system. The Finance Director periodically compares the Incoming Funds file to the validated deposit slips received from the bank.

Transactions and Documentation

The fiscal office of the agency acts as the controller for the agency funds. This branch of the agency must monitor all transactions involving agency funds to ensure that procedures are being followed and that personnel making transactions are authorized to do so.

Proper documentation must be maintained for all fiscal transactions.

This documentation can consist of, but is not limited to the following: purchase orders with vendor invoices, canceled checks, time sheets, payroll change notices, bank statements, vendor receipts, consultant contracts, in-kind vouchers, etc. All documentation and fiscal records are stored for seven years before destruction, unless otherwise required by the funding source. All records and documentation are shredded at the time of disposal to ensure confidentiality.

General Journal Entries

General

General Journal entries in the computerized Financial Management System are generally used to record:

Payroll cost based on the Payroll Register for the pay period.

Prepaid and accrual transactions made monthly to place costs in the accounting system in appropriate periods.

Prior period adjusting and correcting entries to the extent they cannot be made through other books of entry.

In-Kind contributions and other forms of matching requirements.

Allocation entries to allocate agency wide costs based on identifiable bases

To the extent possible, correcting transactions except coding errors are made in the original

book recording the error. The incorrect entry is recorded as a minus, followed by the corrected transaction. This procedure is suggested in order to provide clearer information about the correction and a simpler audit trail.

Appropriate supporting documentation should be attached to the journal entry as backup for the entry. General Journal batches are approved by the Fiscal Director.

Bank Reconciliation

Bank accounts are maintained on an as required basis. The agency attempts to keep the number of bank accounts to a minimum.

All incoming Bank Statements are reconciled by the Financial Director. After the Statements have been reconciled the Finance Director will give them to a member of the Finance Committee for a final review. After the final review the Statements will be returned to the Finance Director for filing.

The bank reconcile process utilizes the financial software system. The reconciliation of register to bank statement report lists all deposits, cancelled checks and outstanding checks,

Non-Expendable Personal Property

General

As a matter of organizational policy, nonexpendable personal property generally has a useful life in excess of one year and an acquisition cost of \$2000.00 or more.

Such property, when acquired, is expensed against the appropriate funding source and is then capitalized as an asset for purposes of physical control. Expenditures for Non-expendable Personal Property are identified and reduce the balance of available funds. Periodically such expenditures are recorded as assets in order to link continuing financial accountability with physical control.

The organization maintains a file which identifies each asset as to acquisition date, type, description, serial #, location and funding source.

Overall administration of non-expendable personal property is the responsibility of the Fiscal Department. This administration includes the establishment of procedures for identification,

control, transfer and disposal of non-expendable personal property. The responsibility for physical control and accountability rests with Program Heads. At least once every two years, Program Heads shall verify the existence of assets through physical inventories. These inventories shall be documented and submitted to the Fiscal Department for reconciliation to subsidiary records and accounts.

Cash Control

General

A cash balance is essential for each account maintained by the organization. The number of cash accounts will be kept to a minimum in the interest of strengthening internal control over cash.

The cash control is for the purpose of tracking cash balances. A list of checks issued and voided is maintained. A separate control is maintained for each account. The control will, at a minimum, contain the following information:

1. Date
2. Receipts by cash receipt number
3. Disbursements by range of check numbers
4. Voided Checks
5. Bank Transfers

The cash control is reconciled to the general ledger and with the bank statements at the end of each month.

Transfers:

Periodically, according to need, cash will be transferred from one bank account to another within the same bank.

Borrowing:

A line of credit has been approved by the Board of Directors and established with a local bank. If the Agency needs to borrow against this line to cover cash flow needs, the Executive Director and a Board of Director Officer will authorize a draw on the line from the Bank. The funds are electronically transferred to the appropriate account by the bank, and a cash receipts entry is written to record the Note Payable. Payments on the line of credit are processed through the Accounts Payable system. Any interest incurred on the line of credit is charged to the Agency's unrestricted funds and is not charged against any grant or contract.

Other borrowing on behalf of the organization requires prior Board approval and two authorized signatures.

Travel Expense Reimbursements

General

Travel policies and procedures are applied to all employees and to all programs administered by the organization. Employees are expected to travel by the most expeditious means consistent with the purpose of travel.

The organization's vehicles are to be used during working hours for work purposes only. They are not to be used for personal business. When not in use, vehicles should normally be parked at a designated site.

Out of County Travel

Out of town travel requests must be completed prior to an employee, Board member or Policy Council member's attendance at conferences, meetings, etc. out of town. Funds will be advanced for upcoming travel only upon receipt of a completed and properly approved travel authorization form. Overnight travel status for staff must be authorized on an "Out of Town Travel Authorization/Advance Form" in advance by the appropriate Program Director or his or her designee and Executive Director. All requests for Out-of-Town Travel for Program Directors must be approved by the Executive Director or his or her designee. This request may serve as a disbursement voucher when an advance is requested. Advances will be allowed within one week prior to the date of travel.

Business meals will be reimbursed at a daily per diem rate locality based published in the federal domestic per diem rate chart. If locality is not listed, the Continental US (CONUS) rate will be used. The Agency follows the IRS policies for per diem rates for meals and incidentals based on the number of days the travel will cover. These rates are updated annually by the IRS and will be adjusted by the Agency accordingly. When the per diem rate is used for travel advances for meals and incidentals, the Agency does not require the return of receipts. In instances where the employee incurs (or has received an advance for) gas, parking or toll expenses they will be reimbursed for these expenses upon return of the actual receipts that specify the dollar amount to be reimbursed.

In the event that meal(s) are covered by someone other than the traveler, (included in conference, etc.) then the per diem amount for the meal that is provided must be deducted

from the daily allowance.

Within five working days of travelers return, an expense statement must be completed outlining daily expenses. All expenses with the exception of mileage and per diem meals must be accompanied by receipts. CAPCO will not reimburse any tax paid on hotel/motel rooms in New York State. Tax exempt forms should be submitted to the business at check-in or with pre-payment. Reimbursement will follow receipt review and approval of expense statement by Fiscal Office.

Local Travel

Employees required to engage in local travel as a part of their work responsibilities shall maintain a daily log showing total miles driven, origin and destination, purpose of trip and program to be charged. Local travel is approved by supervisor. Mileage reimbursement is submitted in online timecard system. Reimbursement will be made at the current Federal Standard Mileage Rate.

Travel Advances

Advances are allowable for out-of-county travel if hardship is created by reimbursement upon return. Advances shall be kept within amounts expected for per diem. To receive a travel, advance an "Out of Town Travel Form" will be completed and approved. Within one week following the date of travel, the right column of the form shall be submitted with appropriate receipts. Any overage advanced shall be returned. Additional funds due will be paid through accounts payable.

At the time an advance is made the appropriate expense account will be debited. Upon submission of the actual travel costs the program will be adjusted for actual costs.

Matching Share

General

Matching share may be in the form of cash or in-kind contributions. A separate and accurate record of matching share must be maintained for each grant, contract, or other restricted source of revenue where a match is required. This means that accounting records should show the status of each project's matching revenue and expenditures.

Matching share is established by the approved budget in terms of revenue and expenditures by line-item category. The accounting system records actual matching revenue and

expenditures during the project period. In this manner, complete accounting and reporting of grant financial activity is contained within the financial records for each restricted source of revenue. The status of cash or in-kind matching shares and their adequacy at any time can be determined by reviewing each grant account.

Matching contributions must consist of the types of charges that are allowable under federal cost principles. An unallowable cost may not be used as a contribution. Payment of an unallowable cost cannot be used as a matching share if paid from non-federal funds.

Matching contributions are based on cost or values established in consonance with federal cost principles. Documentation of matching contributions must be consistent with documentation of paid costs.

Cash Matching Share

The matching share in the form of cash is recorded in the grant account with grantor and other revenue in accordance with the budget. All expenditures are recorded in the grant account or cost center. In this manner, complete accounting and reporting of grant financial activity is contained within the cost center. The status of the cash matching share and its adequacy at any time can be determined by reviewing expenditure levels within each grant account.

Cash matching may be credited directly to appropriate restricted accounts as received or may be placed in the organization's unrestricted account for transfer periodically.

Transfers of matching revenue among accounts is done through a plus and minus of the local revenue code. The organization's account is debited by a minus revenue transaction and the appropriate project or grant account is credited by a positive transaction. This procedure prevents revenue from being doubled on organization-wide statements.

In-Kind Matching Contributions

In-kind contributions (also referred to as contributed services and soft match) are non-cash contributions provided by non-federal parties. These contributions may be in the form of goods or services and real or personal property, or use thereof, donated by other public agencies and institutions, and private organizations and individuals. They may be in form of volunteer or donated services, or depreciation or use charges.

Budgeting for Matching Share

In kind contributions or cash used as matching share must be contained in a grantor approved budget. The matching share affects both the revenue and expenditure structure of the budget and needs to be clearly set forth during budget development.

Commitments in writing from contributing agencies should be obtained during the budget development indicating the amount of services that will be rendered and contributed, anticipated reimbursement, if any, and the nature of the expenditures to be incurred in accordance with the work program. Agreement should be reached with the grantor as to the nature of the in-kind contributions, method for valuation and the documentation standards to be required.

Valuing In-Kind Contributions

In-kind contributions by grantees and third parties are established at actual cost or through valuation procedures set forth as a part of federal cost principles. Actual costs are established through documentation standards discussed later in this guide. In the absence of actual cost, procedures for valuing in-kind contributions are set forth as follows:

Volunteer services

These are services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor. To be allowable, volunteered services must be an integral and necessary part of an approved program. Rates for volunteer services should be consistent with those paid for similar work in the agency or in the labor market in which the organization competes for the kind of services involved.

Donated expendable personal property

Expendable equipment and supplies should be assessed at reasonable values not exceeding fair market value of the property at the time of donation.

Donated nonexpendable personal property, buildings, and land

If the purpose of the grant is to furnish equipment, buildings, or land or otherwise provide a facility, the total value of the donated property may be claimed as a matching share. If the purpose of the grant is to support activities that require the use of equipment, buildings, or land on a temporary or part-time basis, depreciation or use charges for equipment and buildings may be made. The full value of equipment and other capital assets and fair rental charges for land may be used provided that the grantor agency has approved the charges.

The value of nonexpendable personal property may not exceed the lesser of cost or fair market value of equipment and property of the same age and condition at the time of donation.

The value of land and buildings may not exceed the lesser of cost or fair market value at the time of donation as established by an independent appraiser and certified by a

responsible official of the Agency.

The value of donated space shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately owned building in the same locality.

The value of loaned equipment shall not exceed its fair rental value.

Documentation Requirements

The basis for determining the valuation of in-kind contributions must be clearly documented.

In-kind contributions must be supported by documentation in a form that identifies adequately the nature and cost or value of the contribution in order to be allowable charges to a program. They must also be consistent with the federal criteria cited earlier. Accounting records must be adequate to support expenditures or values claimed as a contribution by the Agency or third parties and be susceptible to financial and compliance auditing to ascertain that they meet the terms and conditions of the grant. Documentation should be reviewed at least annually to ensure compliance and accuracy.

PERSONNEL & PAYROLL PROCEDURES

All employees of CAPCO have a personnel file which contains an Employee Status Form. All new hires must have a completed Employee Status Form in their file. Any changes regarding the information on this form must be accompanied by a payroll change notice.

Additional documentation included in the personnel file is any information regarding performance, training, education credentials, policy signoffs, pay rate change signoffs, and any other records needed for the specific program-area (ex. Head Start driving records). A separate file is kept on each employee which contains background check information, health information, claims, unemployment benefits, and other personal information not appropriate for a personnel file per legal standards and best practice.

Payroll Records

CAPCO is on a bi-weekly payroll system with Complete Payroll Processing. All timesheets must have documented approval using an online timekeeping system by the employee and by the employee's immediate supervisor. Timesheets are due for completion and approval by the last day of the payroll cycle per the CAPCO Pay Schedule.

Checks are distributed to the employees as follows: Fiscal Office separates checks by

departments and provides to the Main Office Receptionist for distribution on the pay date. Each employee must the paycheck sign-out log sheet and date it when receiving their physical check. At the end of the pay date, all checks yet to be distributed are mailed to the employee address on file with payroll by the Receptionist. The sign-out log sheet is provided back to the Fiscal Office before the end of the pay date.

FIXED ASSET MANAGEMENT

Capitalization Policy

Physical assets acquired with unit costs of \$2,000 or greater are capitalized as fixed assets on the financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

Capitalized fixed assets are accounted for at their historical cost and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Contributed Assets

Assets with fair market values of \$2,000 (per unit) or greater that are contributed to CAPCO shall be capitalized as fixed assets on the financial statements. Contributed items with market values below this threshold shall be expensed in the year contributed.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Establishment and Maintenance of a Fixed Asset Listing

All capitalized fixed assets shall be recorded in a property log. This log shall include the following information with respect to each asset:

1. Date of acquisition
2. Cost
3. Description (including color, model, and serial number)
4. Location of asset
5. Depreciation method
6. Estimated useful life

A physical inventory of all assets capitalized under the preceding policies will be taken on bi-annual basis by each department/program at each program year end. Such physical inventories shall be signed and certified as to their accuracy. This physical inventory shall be reconciled

to the property log and adjustments made as necessary. All adjustments resulting from this reconciliation will be approved by the Fiscal Director.

There is no requirement to record any property purchases less than \$2,000. Any department may inventory property and equipment purchases as required by contractual agreement or as they feel necessary for control purpose.

Each Department must have a process in place for the safe guarding of assets with a purchase price of less than \$2,000.

Receipts of Newly-Purchased Equipment and Furniture

At the time of arrival, all newly-purchased equipment and furniture shall be inspected for obvious physical damage. The receipt and acceptance of goods must be done by an employee independent of purchasing. If an asset appears damaged or is not in working order, it shall be returned to the vendor immediately.

In addition, descriptions and quantities of assets per the packing slip or bill of lading shall be compared to assets delivered. Discrepancies should be resolved with the vendor immediately.

Depreciation and Useful Lives

Fixed assets are depreciated over their estimated useful lives using the straight-line method.

In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month.

Estimated useful lives of capitalized assets shall be determined by the Fiscal office in conjunction with the department or employee that shall utilize the asset. The following is a list of the estimated useful lives of each category of fixed asset for depreciation purpose:

Furniture and fixtures	7 years
General office equipment, appliances	7 years
Computer hardware and peripherals	3 years
Computer software	5 years
Leased assets	life of lease
Leased hold Improvements	remaining lease term
Vehicles	5 years

Alternatively, at the direction of the Fiscal Director, capitalized assets may be depreciated over useful lives expressed in terms of units of production or hours of service in place of the preceding useful lives expressed in terms of time.

Repairs of Fixed Assets

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.

Expenditures to the repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life

Dispositions of Fixed Assets

In the event a non-expendable asset is sold, scrapped, donated or stolen, adjustments need to be made to the fixed asset listing and property log. If money is received for asset, than the difference between the money received and the book value” (purchased price less depreciation) of the asset will be recorded as a loss if the money received is less than the book value and a gain if the money received is more than the book value.

Write-Offs of fixed Assets

The Department Director approves the disposal of all capitalized fixed assets that may be worn out or obsolete. Property that is discovered to be missing or stolen will be reported immediately in writing to the Fiscal Director. If not located, this property will be written off the books with the proper notation specifying the reason.

COST ALLOCATION

The purpose of the cost allocation plan is to state, in writing, the calculation and methods that Cortland County Community Action Program, Inc. will use to allocate cost to various programs and grants.

Direct costs are costs that can be identified with a specific final cost objective. Indirect costs are costs that have been incurred for common or joint objectives and cannot be readily identified with a final cost objective.

See Appendix A.

FINANCIAL REPORTING

Internal Reporting

For control, a financial statement is completed each month for each program. This report is distributed to Program Coordinators and Directors, the Executive Director, the Policy Council and the Board of Directors and includes figures comparing budget to expenses. This analysis allows for the realistic planning for future expenditures.

Reporting to Funding Sources

The following reports must be completed by the Finance Department and submitted within 30 working days following the end of each quarter/month unless otherwise stated.

CSBG

Periodic Financial Statements submitted to grantor

NYS Healthy Families

Quarterly Financial Statements submitted to grantor

Head Start

The requests are made via PMS Funds transfer system as needed

Weatherization

Monthly financial statements are submitted each month. Standard Vouchers along with a

Consolidated Weatherization Status Report and related documents.

WIC

Monthly Financial Statements along with a Standard Voucher.

Consumer Directed Care

Medicaid billings are submitted after each pay period.

Reports require a signature from either the Executive Director, Chairperson of the Board, or Program Director.

DOCUMENT RETENTION POLICY

This policy is intended to comply with contractual requirements, applicable laws and regulations and eliminate accidental destruction of important agency documents (both electronic and physical). The following table provides the minimum retention requirements for CAPCO documents unless contractual obligations dictate otherwise.

See Appendix B.

INVESTMENT POLICY

The CAPCO Board of Directors must approve any investments for the Agency (this excludes the deposit of funds into an interest bearing checking account).

It is the Policy of the CAPCO Board of Directors to treat all investments of the organization, including those funds that are legally restricted in a responsible fiduciary capacity for the purpose of accomplishing the organizations' tax-exempt mission. As such, the policies described in this section are to be interpreted in light of that overall sense of stewardship, and the investment standards of the CAPCO Board shall be those of a prudent investor.

The Board of Directors of CAPCO has delegated supervisory authority over its investing activities to the Finance Committee of the Board. The Finance Committee is responsible for regularly reporting on the organizations investments to the full Board.

CAPCO's investment objectives are the preservation and protection of the organization's assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities, by earning an appropriate return on investments.

Once investments are being considered by the Agency, the following information can be added as needed:

- A. What investments are allowable*
- B. How the investments will be accounted for*
- C. The management procedure*
- D. The reporting procedure*

The reporting procedures should include a periodic report by the Finance Director to the Finance Committee with the following information for each investment:

- A. Acquisition date of the investment*
- B. Whether the investment was purchased or donated*
- C. Purchase cost, or value assigned to the investment*
- D. A description of the investment*
- E. Date of maturity*
- F. Interest rate*
- G. Holder of security*
- H. Current market value*
- I. Unrealized gain or loss*
- J. Accrued interest receivable*
- K. Year-to-date income received*

UNRELATED BUSINESS ACTIVITY

Approval Required by Board of Directors

CAPCO provides services to income eligible clients according to various program guidelines. If a Program Director wishes to provide services outside the scope of the programs guidelines and this will result in profit to the program, the Board of Directors must pre-approve such activity.

Identification and Classification

It is the policy of CAPCO to properly identify and classify income-producing activities that are unrelated to the Organizations's tax-exempt purpose using the guidelines described in the Internal Revenue Code and underlying regulations. Such income accounts shall be segregated in separate accounts in the GL of Agency in order to facilitate tracking and accumulation of unrelated trade or business activities.

Reporting

It is the policy of CAPCO to file IRS Form 990-T to report taxable income from unrelated trade or business activities. Form 990-T is not subject to any public access or disclosure requirements. Accordingly, it is the policy of CAPCO not to distribute copies of Form 990-T to anyone other than management of the Organization.

CONCLUSION

This manual is intended to encompass the majority of issues and procedures connected with the accounting for Cortland County Community Action, Inc. From time to time minor changes may be made in the described systems. In the event of any significant deviation from this manual, the pertinent section will be revised and submitted to the Board of Directors for approval.

Appendix A: Cost Allocation Plan

Cortland County Community Action Program, Inc. Cost Allocation Plan

Purpose/General Statements

The purpose of the cost allocation plan is to state, in writing, the calculation and methods that Cortland County Community Action Program, Inc. will use to allocate cost to various programs and grants.

Direct costs are costs that can be identified with a specific final cost objective. Indirect costs are costs that have been incurred for common or joint objectives and cannot be readily identified with a final cost objective.

General Approach

It is the policy of Cortland County Community Action Program, Inc. that only costs that are allowable, reasonable, and allocable to a federal award shall be charged to that award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable cost, in the general ledger in order to assure that unallowable costs are not charged to federal awards.

Charging of Costs to Federal Awards

Segregating Allowable From Unallowable Costs

The following steps are taken to identify and segregate costs that are allowable and unallowable with respect to each federal award:

1. The budget and grant/contract for each award shall be reviewed for costs specifically allowable or unallowable.
2. Accounting personnel shall be familiar with the allowability of cost provisions of Office of Management and Budget Circular A-122, "Cost Principles for Non-Profit Organizations", particularly:
 - A. The list of specifically unallowable cost found, (Executive Order 21 selected items of cost), such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
 - B. Those costs requiring advance approval from federal agencies in order to be allowable in accordance with Executive Order 21, such as foreign travel, equipment purchases, etc.

3. No costs shall be charged directly to any federal award until the cost has been determined to be allowable under the terms of the award and/or Office of Management and Budget Circular A-122.
4. For each federal award, an appropriate set of general ledger accounts shall be established in the chart of accounts of Cortland County Community Action Program, Inc. to reflect the categories of allowable costs identified in the award or the award budget.
5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to federal award or to activity associated with a federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e. if the purchase that results in the credits took place in a prior period, the prior period shall not be amended for the credit).

Criteria for Allowability

The Policy of Cortland County Community Action Program, Inc. is that all costs must meet the following criteria in order to be treated as allowable direct or indirect cost under a federal award:

1. The cost must be “reasonable” for the performance of the award, considering the following factors:
 - A. Whether the cost is of a type that is generally considered as being necessary for the operation of the organization or the performance of the award.
 - B. Restraints imposed by such factors as generally accepted sound business practices, arm’s length bargaining, federal and state laws and regulations, and the terms and conditions of the award.
 - C. Whether the individuals concerned acted with prudence in the circumstances.
 - D. Consistency with established policies and procedures of the organizations, deviations from which could unjustifiably increase the cost of the award.
2. The cost must be “ allocable” to an award by meeting the following criteria:
 - A. The cost is incurred specifically for a federal award.
 - B. The cost benefits both the federal award and other work, and can be distributed in reasonable proportions to the benefits received; or
 - C. The cost is necessary to overall operations of the organization, but where a direct relationship to any particular program or group of programs cannot be demonstrated.
3. The cost must conform to any limitations or exclusions of Office of Management and Budget Circular A-122 or the federal award itself.

4. Treatment of costs must be consistent with the policies and procedures that apply to both federally financed activities and other activities of the organization.
5. Cost must be consistently treated over time.
6. The cost must be determined in accordance with generally accepted accounting principles.
7. Costs may not be included as a cost of any other federal financed programs in the current or prior periods.
8. The cost must be adequately documented.

Allocation of Costs

The following information summarizes the procedures that will be used by Cortland County Community Action Program, Inc. in regards to allocation of costs.

A. Compensation for Personnel Services – Documented by timesheets and distribution report showing by employee the allocation based on time spent on each program or grant. Wages are charged directly to program/grant for which work has been done. Wages for administrative staff are charged to management and general, and allocated thru ADM allocation which is discussed below.

1. Fringe benefits (FICA, SUI, Disability, and Workers Compensation) are allocated in the same manner as wages. Health, Dental, Life insurance cost that is incurred by Cortland County Community Action Program, Inc. (total insurance cost minus employees portion) are charged directly to program/grant for which work has been done.
2. Vacation, sick, personal and holiday pay are allocated the same as wage allocation is conducted.

B. Travel Costs – Allocated based on the purpose of travel. All travel costs local and out of town are directly charged to the appropriate programs for which travel was incurred.

C. Professional Services Costs (such as consultants, and audit services) – All consultant costs are directly charged to the programs that are receiving benefits from the service. Audit services are allocated amongst all programs which require an independent audit. This allocation is based on the programs (calendar year) actual expenses.

D. Office Expenses/Supplies – Allocated based on usage. Office supplies used for a specific program will be directly charged to that program. Office expenses/supplies that are for administrative staff are charged to management and general, and allocated by ADM allocation which is discussed below.

- E. Postage Expenses (postage, postage meter lease, postage supplies) – Allocated based on the postage used per month. Postage is tracked by a licensed postage machine, which is maintained by the agency, and is not available for personal use. Each program is assigned a postage meter code to track actual usage.
- F. Equipment – All equipment used for a specific program will be directly charged to that program. Equipment that is for administrative staff is charged to management and general, and allocated by ADM allocation which is discussed below.
- G. Duplicating/Printing (includes supplies, maintenance, and repairs) – Costs are directly charged based on the percentage of copies made by each program. Each program is assigned a copier code to track the number of copies made by each program. Codes that are shared by Head Start and Early Head Start are allocated based on enrollment numbers.
- H. Commercial Insurance (Auto, Liability/Property, Child Accident, Erisa Bond, Directors & Officers, Pollution Control) – Insurance needed for a particular program is charged directly to the program requiring the coverage. In regards to insurance coverage that effects the agency (Erisa Bond & Directors & Officers) coverage is charged to management and general and allocated thru ADM, which is discussed below. Site insurance coverage (Property/Liability) is based on the value of each site and directly charged to the appropriate program requiring the coverage.
- I. Telephone – Allocated based on site and directly charged to the corresponding program. Telephone expenses that are shared, are allocated by number of staff per program and charged to corresponding program.
- J. Internet – Allocated based on site and directly charged to the corresponding program. Internet expenses that are shared are allocated by number of staff per program and charged to corresponding program.
- K. Facilities Expenses (Janitorial Services, Trash Removal, Building Maintenance, Utilities) – Allocated based on square footage. Program percent of square footage is calculated by space occupied by program divided by the total square footage of the building. Trash removal and Utilities for a specific site are allocated to the program receiving the benefits.
- L. Parking Lot Rent – Allocated by the number agency vehicles and people using the parking lot, than by program that vehicle/employee is assigned. Parking lot rent is than charged to the appropriate program.
- M. Office Rent - Allocated based on square footage. Program percent of square footage is calculated by space occupied by the program divided by the total square footage of the building.

- N. Payroll Processing – Allocated on the number of employees per pay period, based on time worked on each program.
- O. Training/Conference Expense – Allocated to the program benefiting from the training, conference or seminars. For administrative staff, if the conference benefits more than one program the charges go to management and general, and are allocated by ADM allocation which is discussed below.
- P. Administrative Allocation – This covers all administrative expenses that benefit more than one program. Expenses can include but not limited to, ADM wages, ADM fringe, ADM office supplies, etc. Allocation based on programs calendar year expenses divide by total agencies calendar year expenses less ADM. This percentage is then applied to ADM expenses and charged to corresponding programs.

Appendix B: Record Retention Policy

Cortland County Community Action Inc.

Purpose: This policy is intended to comply with contractual requirements, applicable laws and regulations and eliminate accidental destruction of important agency documents (both electronic and physical). The following table provides the minimum retention requirements for CAPCO documents, unless contractual obligations dictate otherwise.

Document Type	Retention Requirement
Accounts Payable ledgers & schedules	7 years
Audit Reports	Permanently
Bank reconciliations	2 years
Bank Statements	7 years
Checks - for important payments	Permanently
Contracts, mortgages, notes & leases	7 years after expiration
Correspondence – General	2 years
Correspondence – with customers & vendors	2 years
Correspondence – Legal & important matters	Permanently
Deeds, mortgages & bills of sale	Permanently
Depreciation Schedules	Permanently
Duplicate Deposit slips	2 years
Employment applications	3 years
Expense analysis – allocation schedules	7 years
Year end financial statements	Permanently
Insurance policies	7 years after expiration
Insurance records, claims, accident reports, etc...	Permanently
Internal audit reports	7 years
Inventories of products, materials & supplies	7 years
Invoices	7 years
Minute books, bylaws and charter	Permanently
Patents & related papers	Permanently
Payroll records & summaries	7 years
Personnel Files	7 years after separation
Retirement & pension records	Permanently
Tax returns & worksheets	Permanently
Timesheets	7 years
Trademark registration & copyrights	Permanently
Withholding Tax statements	7 years

Physical records to be retained are archived at the main office in the basement storage area in Cortland. Records ready for archiving are boxed, labeled with the contents and period covered. Archived records required to be retained permanently will be marked as such. Electronic records are on the Agency Main Office Server.