

**WATERS OF LIFE  
PUBLIC CHARTER  
SCHOOL FINANCIAL  
OPERATIONS  
MANUAL**

# **WATERS OF LIFE PUBIC CHARTER SCHOOL FINANCIAL OPERATIONS MANUAL**

**LSB Approved 6/14/2011**

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## INTRODUCTION

Waters of Life Public Charter School) was established in July 2000 as a Hawaii Public Charter School. WOLPCS implements an alternative framework with regards to curriculum, facilities management, instructional approach, length of school periods and personnel management. This system provides for flexibility in the preparation and execution of budgeted funds and encourages school-initiated methods for educational decision-making.

Whatever its mission or size, all organizations should have policies and procedures established so that (1) Local School Boards (LSBs) and officers understand their fiduciary responsibilities, (2) assets are managed properly and (3) the stated mission of the organization is carried out. The development and maintenance of effective internal controls will help to protect an organization's assets, assist in their proper management and assure accountability.

Internal controls are systems of policies and procedures that protect the assets of an organization, create reliable financial reporting, promote compliance with laws and regulations, and aid in achieving effective, efficient operations. These systems are not only related to accounting and reporting but also relate to the organization's communication processes, internally and externally. The purpose of this manual is to address mainly, the accounting and reporting procedures.

Every organization should have procedures to monitor and record assets received, held and expended. Some of the basic procedures addressed in this manual are the following:

- 1) Preparing an annual report that includes income and expense budget and periodic reports that compare actual receipts and expenditures to the budget with timely financial reports are to be distributed to directors and LSB members and reviewed by them.
- 2) Writing and signing checks or vouchers and receiving, recording, securing and depositing cash and other receipts. Such procedures should ensure that no single individual is responsible for receiving, recording, and depositing funds or request, authorize, verify and record expenditures. In other words, segregation of duties means that no financial transaction is handled by only one person from beginning to end. This includes the accessing, inputting and changing of electronic data maintained by the organization.
- 3) Ensuring that grants and contributions received are properly recorded noting any conditions or restrictions on the use of such funds and the organization is compliant to these restrictions and reporting procedures of the donor or grantor.
- 4) Ensure that the organization is compliant to all government reporting regulations concerning all tax filings, including payroll taxes, general excise tax and any unrelated business tax.

## CHAPTER 1-ACCOUNTING POLICIES

WOLPCS's financial statements are meant to follow generally accepted accounting principles (GAAP) as described by the American Institute of Certified Public Accountants. Accordingly, the financial statements are prepared on the accrual basis of accounting. Under this method of accounting, revenue is recorded when earned rather than when received and expenses are recorded when incurred rather than when paid. For the LSBs and vast majority of the uses of WOLPCS' financial statement, GAAP financial statements will be the most usable and relevant.

WOLPCS is exempt from Federal income tax because it is a part of the State of Hawaii Public School system. Therefore, no provision for Federal or State income taxes is required.

A proposed budget is set up for each department and specific restricted funding sources, such as Title I, Collective Bargaining, Federal Impact Aid, grants, etc., with the total school budget being the sum of all. This annual budget is prepared by the Director and Accountant and given to the LSB for approval and is then used as a tool for periodic variance reports through QuickBooks. There are monthly Budget Committee meetings and monthly presentations of financials in the LSB meetings.

WOLPCS' accounting and financial reporting information is maintained on the QuickBooks software package. This manual will discuss the procedures for using QuickBooks for maintaining the books of the school.

### PAYROLL

**Input new employees, track Earned Time Off balances, process timesheets, process payroll checks & ensure proper federal and state tax filing are completed timely**

Payroll is processed semi-monthly. Checks for the first half of the month, 1-15, are processed two business days after the 15<sup>th</sup>. Payroll for the second half of the month 16-31, is processed on the second business day of the following month. For exceptions to this rule, confer with the Human Resource Clerk and/or Accountant to establish the date for an alternate payday to occur. The State requires payment within 5 business days after the end of the period.

#### Internal Controls

- 1) New employees are added to the payroll through a Payroll Authorization Form, which is signed by the Director. In addition, the new employee will also need to complete the W-4, HW-4 and I-9 forms. If eligible, medical coverage enrollment, medical waiver or retirement system forms will also be completed.
- 2) All of these forms noted above are to be forwarded to the Human Resource Clerk and/or Accountant and once processed, kept on file for 4 years. Copies of medical and retirement forms are also sent to the CSAO.
- 3) For an existing employee who has a change to their current payroll information, such as an increase in pay or withholding, A Change of Status Form signed by the director along with the necessary W-4, HW-4, or other benefit forms must be submitted to the Human Resource Clerk and/or Accountant one week before the end of the current pay period.
- 4) The school personnel complete timesheets that are signed by the employee and Director.
- 5) Timesheets are submitted to the Executive Assistant, reviewed by the Director for accuracy and compliance with employment contracts. The Director signs off and returns them to the Executive Assistant.

- 6) Checks are prepared by First Hawaiian Bank.
- 7) For employees paid out of the Department of Education (DOE) payroll system (FMS), checks are cut automatically. Checks are forwarded to the school by the DOE payday. WOLPCS is then billed by the CSAO office for FMS payroll and the reimbursement is approved by the director, then a check is made out to the CSAO office through QuickBooks.
- 8) Semi-annually, the LSB chair or treasurer should verify annual pay rates per the employees' file to the actual salary paid for each employee. This verification should be noted in the LSB minutes.

## Processing payroll

State of Hawaii - DOE and DAGS Payroll Processing - The Department of Education has two offices to assist with the employment and payroll of certified personnel; the Office of Business Services and the Office of Human Resources. The DOE also maintains a website at <http://doe.k12.hi.us/schooloffice/index.html> with "School Office & Staff Resources - Quick Reference" frequently used for links for Casual payroll and the Financial Management System (FMS).

Ceridian Payroll Processing - On the day of payroll, the Executive Assistant performs the following payroll processing procedures for employees not paid through FMS:

- Update employee information, tax and other base payroll information from authorized Payroll Authorization Forms, Change of Status Forms, W-4, HW-4, and other benefit forms authorized by the employee and Director.
- Submit timesheets to the Director for review. Once reviewed by the Director signs off and sends it to the Executive Assistant.
- Check the cash balances of the main checking accounts.
- Employee Leave (EL) for vacation/sick time is earned at the beginning of the year. It is tracked using a Form 7. See Tracking EL for further information.
- A trial payroll is submitted to the Director for final approval. The trial payroll is then accepted as permanent.
- Net payroll, employer and employee payroll taxes, and union dues are classed according the school's budget from the Checking Account Statements to make the entries in QuickBooks.

## Independent Contractors

Contractors are not paid out of the payroll module. The Executive Assistant or Director obtains a completed W-9 form from each contractor and keeps on file. The Director checks their approved invoices with the agreement contracts on file. The Executive Assistant determines the correct expense accounts and classes with input from the Director. Checks are then prepared. Contractors earning over \$600.00 should receive a miscellaneous income form, Form 1099-MISC, from the school by January 31<sup>st</sup> each year. Copies of the 1099-MISC forms generated and appropriate Federal Form 1096 are prepared by the Accountant and signed by the Director to meet the February 28<sup>th</sup> deadline. Corrected forms are prepared if necessary.

## **Tracking Employee Leave**

Full-time and half-time employees earn leave with pay, which may be used by the employee for vacation, illness, pregnancy, or childbirth, medical care, child care, bereavement, or any other reason. Employees shall accrue EL from the date of their employment. Employees may check with the Executive Assistant to confirm EL balances. An employee may carry any unused portion of earned hours of EL over to the next year of employment up to a certain point.

**The employees' EL is tracked using an Excel Spreadsheet.**

**WOLPCS follows union requirements for accruing leave; employees complete state forms and submit to Executive Assistant; Executive Assistant checks leave request against employee's leave record; HF Clerk submits to Director for review and signature; Director returns signed request to Executive Assistant; Executive Assistant notifies staff of leave approval and places copy of approved leave documents in employee's files; Executive Assistant enters leave time into leave recording data bank employees are required to provide coverage during absences from work. Reports are completed annually and upon Employee's departure from WOLPCS.**

### **Internal Controls**

- 1) The employee requests vacations by filling out a vacation requests form, signing it and submitting it to the Executive Assistant.
- 2) The Executive Assistant reviews the request, and the Director signs an approval and gives a copy to the employee. The Director forwards a copy to the Executive Assistant to be filed in the Staff Leave Records Binder and refers to it when reviewing timesheets.
- 3) The Executive Assistant fills in the Form 7 noting the hours worked for the hourly personnel, and any EL earned per pay period.
- 4) A copy of the summary for all employees is forwarded to the Director for review and sign off. A copy of the signed off monthly report should be kept by the Executive Assistant.
- 5) Once approved by the Director, the Executive Assistant may create a print-out of individual reports for all personnel to attach to their paychecks for distribution.
- 6) The employee reports any EL discrepancies to the school. The Executive Assistant investigates the discrepancy and provides support to the Director to resolve the issue. Once resolved the Director provides a memo to the Executive Assistant to make any changes to the personnel's EL report.
- 7) In the event that any EL needs to be added to Ceridian payroll system, Executive Assistant will ensure the correct leave is recorded for payment.

## **WOLPCS Compensated Absences Policy**

**It is the policy of the WOLPCS to permit 12-month employees paid by the DOE and/or Ceridian to accumulate earned but unused vacation benefits, which will be paid to the employees upon separation from service from the DOE payroll system and/or Ceridian System. Three weeks' vacation is earned when an employee reports to work on the first day of the school year and can be adjusted if the employee goes on a leave without pay or does not complete the school year. Vacation leave is fully vested when earned, but accumulated vacation leave cannot exceed 90 days at the end of any calendar year.**

**Leave earning categories:**

### **DOE and Ceridian 12-month employees**

**Fulltime - (75-100%) - 21 days**

**Halftime - (25-50%) - 10.5 days**

**Less than 20 hours per week-No leave accumulation**

### **DOE and Ceridian 10-month Certified Employees**

- **Earn 18 days (13 sick, 5 professional development/personal combination)**
- **Personal/Professional Development Leave is paid leave for professional development purposes, such as professional training seminars and is limited to 5 days per year, with the excess charged to sick leave. In addition, no carryover is allowed.**

**Sick leave is vested when earned and the accumulation is not limited. Twelve month employees earn twenty one days of sick leave and ten month employees earn 18 days of sick leave. Sick days are earned when an employee reports to work on the 1<sup>st</sup> day of the school year and can be adjusted if the employee goes on a leave without pay or does not complete the school year. Vacation leave is fully vested when earned, but accumulated vacation leave cannot exceed 90 days at the end of any calendar year.**

**Personal/Professional Development Leave is paid leave for professional development purposes, such as professional training seminars. It is limited to 5 days per year, with the excess charged to sick leave; no carryover is allowed.**

**Sick leave is vested when earned and the accumulation is not limited. Twelve-month employees earn twenty-one days of sick leave and ten-month employees earn eighteen days of sick leave. Sick days are earned when an employee reports to work on the first day of the school year and can be adjusted if the employee goes on a leave without pay or does not complete the school year.**

## **Payroll Liabilities**

**Ceridian:** At each pay period, Ceridian computes and submits all Federal and State taxes. The payroll taxes that are due each pay period are paid by Ceridian through a withdrawal from the WOLPCS First Hawaiian Bank.

Quarterly, Ceridian submits the Federal Form 941 reconciliation and the state unemployment UCB-6. Annually, Ceridian is responsible for the preparation and submittal of the W-2 and W-3 forms.



## **CHAPTER 2 - ACCOUNTS PAYABLE/DISBURSEMENTS**

### **Input bills and credit memos, print reports & checks to pay bills, enter manual checks**

The Accountant processes accounts payable disbursements once a week with the approval of the Director.

#### **Internal controls for Accounts Payable:**

- **Invoices are received by the Office Manager and date stamped;**
- **Invoices are given to Director for review;**
- **Questionable invoices are marked and given to Executive Assistant to investigate;**
- **Executive Assistant discusses questionable invoices w/ Director;**
- **Executive Assistant reviews invoices against previous payment for each account;**
- **Invoice data is entered into QB chart of accounts;**
- **Checks are printed via QB;**
- **Paid invoices are dated w/ check number written down on invoice and initialed by Executive Assistant;**
- **Checks are attached to invoices;**
- **Any outstanding/questionable invoices are researched to determine if they will be paid, returned for itemization, etc., by Executive Assistant;**
- **Checks are reviewed by LSB representative and Director then signed-two signatures required on all checks;**
- **Signed checks are photocopied;**
- **Stubs are detached from check base before they are mailed to vendors/service providers and kept as part of office records, then filed**

#### **Accounts Payable - Employee Requisitions**

The accounts payable process begins with an employee submitting a purchase order (PO) to the Director for approval. All requisitions are checked against the approved budget before finalizing. Once the PO is approved, the employee completes then submits a reimbursement form, which is reviewed for accuracy, then signed by the Director. The signed reimbursement form is forwarded to the Executive Assistant for processing.

The POs are entered into QB as a bill. Applicable accounts payable invoices are reviewed by the Director before forwarding to the Executive Assistant. The Executive Assistant will match the invoice to the requisition and packing slip when appropriate.

#### **Accounts Payable - Additional Procedures**

When needed, and "unpaid bills" report is run by the Executive Assistant and forwarded to the Director. The Director reviews the report and checks off the payables to be paid and sends it back to the Executive Assistant.

All "void checks" are defaced and entered into the check register. The physical check is kept in a "void check" folder.

Check stock is kept in a locked drawer with access to specific users.

Manual checks - Whenever it is necessary for the Director to write a manual check to make a payment, a typewriter should be used. Once the check is drawn, all the information regarding the manual check should be provided to the accountant for entry into the QB system.

**These Accounts Payable procedures have been implemented for a normal bill paying cycle.**

To enter bills and credit memos and print the report needed:

The accountant uses the QB system, Under *Vendors* select *Enter Bills*. In this window both bills and credit memos are entered. The accountant types in the Vendor name, sets up the vendor with the address if needed, then enters the date applicable to the services or goods, amount, invoice or memo number, expense code, customer and class.

To pay bills and print checks:

- 1) The Director should review the *Unpaid Bills* report and annotate what bills are to be paid as needed.
- 2) Under *Vendors* select *Pay Bills*. Click the button *Show all Bills* to view all bills in the system. Check off the bills to be paid.
- 3) Annotate the date you wish the checks to be dated. The date should be the day the checks are printed. Also note which bank account the checks will be paid from. Once all the bills have been selected for payment, click the Pay and Close button. QB will mark the bills "PAID," will assign the check number and record it in the register.
- 4) To print the checks, under the *File* menu, choose *Print Forms* and select *Checks*. A window listing all of the checks to be printed will appear. De-select any you don't wish to print by un-checking it. Make sure the first check number showing is the first number of the check you would like to print. If it is not, change it. Or print checks individually by printing one check at a time.
- 5) The check should be the three-part Voucher type. Remove the bottom third and staple it to the source documents. Note the invoice PAID, with check number, date, an initials. Complete and remove any payments stubs from the invoice and staple it to the back of the checks. Paper clip the check to the source document. Forward this bundle to the Director for signature, then to the authorized signer for signature. (Two signatures are required on all WOLPCS checks). Once signed, the checks can be mailed. The source documents with attached check stub can then be filed in the vendor file.

**Debit Cards, Credit Cards, Gas/Company Cards**

All cards will be in possession of the Office Manager within a secure area. The cardholder must sign out the card for a specific purpose and must return the card with a valid receipt. For gas cards, no PO is required. For all other debit/credit card purchases, a valid PO signed by the Director is required. Upon returning the card, the Office Manager will request the receipt and compare to the PO to ensure the card was used for the intended purchase. The Office Manager will immediately inform the Director of any discrepancies.

## CHAPTER 3 - CASH/ACCOUNTS RECEIVABLE

Handling and reconciling cash, invoicing & billing

### Cash

The following process is implemented to ensure that the safety and integrity of the asset (I.e. cash) is protected against misappropriation.

#### Internal Controls-Accounts Receivable

- Payments, checks, cash, fund (grants, donations) are received by Office Manager and date stamped;
  - Copies are made and check and copy are given to Director for review;
  - Director notifies Executive Assistant of arrival of funds;
  - Executive Assistant prepares bank deposit slips and stamp backs of funds w/ WOLPCS bank deposit stamp;
  - Director reviews deposit slip to match amounts on slips to amounts of funds (checks, cash, payments) then signs correctly completed deposit slip;
  - Executive Assistant deposits funds then gives deposit slip with copy of the check to Director for review;
  - Executive Assistant enters deposit into correct QB chart of account; copies of checks, deposit slips and accompanying paperwork are filed by BM;
  - Executive Assistant notifies LSB Chair of transactions and provides updates to LSB's budget committee.
1. If payment is collected, a Receipt for any form of payment (e.g. cash, credit card, check, etc.) is given to payer. The receipt can be verified against the deposit slip. Receipt must be renumbered and written in triplicate. Void receipts are marked as such and kept in the book. One copy of the receipt will accompany the deposit information; one copy to payer; the third copy is to remain in the receipt book.
  2. Payments received in the mail are opened by the Office Manager who date stamps the checks, photocopies them and forwards them to the Executive Assistant. Checks are restrictively endorsed with "For deposit only into WOLPCS bank account." Checks and mail are not to be opened by Executive Assistant.
  3. The deposit slips are prepared by the Executive Assistant or the Director
  4. School personnel take the deposits to the bank and receive a verified deposit slip.
  5. The deposit slip is notated with the income source, with the Bank's stamped certification on it, and the check copies are forwarded to the Executive Assistant, who enters the daily receipts into the QB. The receipt is marked as posted.
  6. The Director periodically verifies the deposit slips and photocopies for the Director's records.
  7. When the bank statement is received, it is forwarded unopened to the Director and/or Manager who opens and reviews both the statement and the canceled checks for abnormalities. (I.e. withdrawals, checks made out to employees, etc.) The Director signs off on the Bank Statement and forwards it to the Office Manager to be reviewed. The Director and/or Office Manager forwards to the Executive Assistant to be reconciled.

#### Cash Receipts/Sales Revenue

- **Cash and checks and money related to the Food Service Program (FSP) is received by the Office Manager;**
- **Office Manager prepares a receipt in triplicate. One copy goes to Executive Assistant with payment, the second copy is returned to payer, and the third copy remains in receipt book;**
- **Executive Assistant completes deposit slip and gives check and slip to Director to review and sign;**
- **Executive Assistant, Office Manager or Director deposits funds;**
- **Executive Assistant makes QB entry and documents data entry date on check and accompanying documents;**
- **Cash and checks received relating to sales revenue is received by Office Manager;**
- **Executive Assistant shows cash and check to Director;**

- Deposits are made by Director Executive Assistant, or Office Manager;
- Director reviews Executive Assistant's work;
- LSB Treasurer and Budget Committee give input about finance recommendations made by Director and Executive Assistant during monthly LSB meetings;

### **Grants-State and Federal Restricted Funds/Revenue**

- Grant and Expenditure plan are reviewed with Executive Assistant;
- Director explains restrictions on funds so budget is set to reflect the spending requirements;
- All expenses related to restricted revenue are made via POs (Purchase Order-Appendix);
- PO is submitted to Director for review; if approved it is sent to Executive Assistant to review against budget;
- PO must meet grant requirements before it is approved by both Director and Executive Assistant;
- Approved PO is returned to Executive Assistant to process for purchase or payment;
- POs are attached to invoices (for services) and packing/inventory slips (for equipment/supplies) then given to Executive Assistant to be entered into QB;
- Director reviews -Executive Assistant's work.

### **Allocation Receivable**

In order to prepare internal monthly financial statements that reflect income amounts which match monthly expenses, the following procedure is used to allocate per pupil income on a monthly basis throughout the year. The Per Pupil Allocation is based on the number of students and posted to the general ledger using the following procedures:

1. Estimate the number of students enrolled in the school and multiply by the rate per students. This will calculate the projected annual income.
2. Since WOLPCS receives three allocations, the entries are made at the time of receipts. Corresponding budgets, both on Excel spreadsheets and in QB reflect the amount of monies needed each month are reviewed by the Director, the Executive Assistant and the Budget Committee to aid in cash flow. The allocation of money in each month is based on what the budget reflects.
3. A modified accrual accounting practice is used. When the checks from the state are received, they are posted in the income section to per-pupil allotment received.
4. The monthly estimates will be adjusted based on the actual October 15<sup>th</sup> student enrollment when available.

### **Reconciliation**

This process verifies what checks have cleared and what deposits have been credited to the bank account. With the proper internal controls in place, this function is one test for identifying misappropriation by noting deposits that have been credited to the bank account. With the proper internal controls in place, this function is one test for identifying misappropriation by noting deposits that have not been made timely or what checks have cleared the bank and not been recorded in the general ledger.

1. The Director receives the bank statement unopened. S/He opens the statements and reviews the cancelled checks, debit memos and deposits for unusual items. S/He then signs the bank statement and forwards it to the Office Manager for a second review. The statement is then forwarded to the Executive Assistant.
2. The Executive Assistant receives the bank statement. The Executive Assistant will note the Director's proper approval of the bank statement.
3. The Executive Assistant will begin reconciling the account by going into QB and selecting *Reconcile*.

4. The Executive Assistant will compare each deposit and cancelled check against the check register. At each instance of a match, the Executive Assistant will “click” the item in QB and the software will signify what (if any) differences remain. Any discrepancies will be discussed immediately with the Director.
5. When the Executive Assistant is finished, s/he prints out a detailed report of the reconciliation, signs off on the reconciliation. Outstanding deposits, stale dated check, un-posted charges, etc. should be noted and cleared if determined to be stale.
6. The Director and/or LSB Chair or Treasurer should review the bank statements, bank reconciliation and the financial statement prior to LSB meetings.

## **Voided Checks**

Both the Director and Executive Assistant review the bank statements and numbers of cut checks. The storage of voided checks is managed by the Executive Assistant in a data bank. The LSB Treasurer matches the reconciliation statement against any voided checks.

## CHAPTER 4-MONTH END CLOSING/FINANCIAL REPORTS

Procedures to close each month, reports needed, financial statements and reports issued

### End of month closing

At the end of each month the Executive Assistant presents reports for the Director, Budget Committee and LSB. The Executive Assistant and LSB Treasurer help to facilitate monthly budget committee meetings to keep the LSB and Director apprised of cash flow fluctuations.

### Financial Reports

The first draft of the financial reports are given to the director for review. From the QB reports menu choose and print the following:

1. *Standard Balance Sheet* for the current year-to-date.
2. *Profit and Loss, Budget vs. Actual*, both for the annual and the year-to-date.
3. *Profit and Loss by Class* for year-to-date. This report can also be *Profit and Loss, Budget vs. Actual by Class* if the budget is entered using classes

Once the Director has reviewed the reports, make any adjusting entries necessary and reprint. Monthly the LSB receives the above reports. If requested, detail reports are given to the Finance Committee.

## **CHAPTER 5-MISCELLANEOUS PROCEDURES**

### **FIXED ASSETS**

The LSB decides upon procurement policies for fixed assets. The Executive Assistant enters assets into the QB program and adjusts the inventory yearly based on the depreciation model in place. WOLPCS follows a straight-line depreciation model. For any purchases over \$1,000, the item is requisitioned by the requesting staff. This is done by the procedures detailed in the cash disbursements section. WOLPCS' Executive Assistant is responsible for inventorying fixed assets. The Executive Assistant records depreciation and expense and accumulated depreciation in QB. An ongoing fiscal record review will be done by the Director and LSB Treasurer to ensure capitalization of fixed assets complies with written policy.

The School should keep a detailed listing of fixed assets which shows each asset individually. WOLPCS keeps a spreadsheet of all assets at each site. Staff are required to inventory classrooms, offices, labs, busses, etc., and complete inventory sheets at the beginning of each school year. Inventory sheets are maintained by the Executive Assistant (Inventory Sheets-Appendix). Staff are responsible for notifying administration of damaged or missing inventory. At the close of the year, staff returns inventory of classroom equipment and supplies to the administration office. It helps to assure that assets purchased are accounted for each year and are not removed before notations are made in accounting records.

In the course of regular bookkeeping, when large items of school equipment or furniture are purchased, the Executive Assistant makes a copy of the invoice and files it in the appropriate fixed assets folder. At fiscal year end, the Executive Assistant compiles the purchases into a list. The Director and Executive Assistant review and identify items to be capitalized. The Executive Assistant creates a general journal entry to credit the expense account and debit the appropriate fixed asset account for the capitalized items.

Depreciation is computed annually using the straight line method. Items with a total cost of \$5,000 or more are capitalized. The new capitalized items are added to the depreciation schedule by the Accountant, who also further updates the schedule as needed. The Executive Assistant creates a general journal entry to credit the Accumulated Depreciation account and debit's the Depreciation Expense account.

### **Restricted Funds and Classes**

WOLPCS receives grant funds and restricted donations from time to time. These funds are accounted separately for three reasons:

1. The restricted funds are identified as such.
2. The use of funds (expenditures) is applied directly to the restricted funds.
3. The remaining balance of restricted funds can be known at any time.

In order to properly track the receipt, use and balance of restricted funds, the classes feature in QB is used. Every accounting transaction in QB has the ability to be coded by class. As a result, the Executive Assistant can print out any report in QB by class such as profit and loss by class, transaction by class and cash disbursements by class. These reports

are extremely valuable when reporting restricted fund activity to various grantors, government agencies and segregating the general activity from grant activity.

Restricted receipts are recorded in QB by using classes on transactions that are entered into the accounting system. For bills, deposits, general journal entries, and all transactions, the class field can be filled in. The class is determined by the Director, Executive Assistant or Office Manager when coding and approving invoices. The routing operating expenses is classed by the Executive Assistant.

The procedures for running class profit and loss reports are as follows:

1. Open the reports menu in QB
2. Chose Profit and Loss by Class
3. At the “modify reports” screen, enter the appropriate beginning and ending dates and select filter for the class desired.
4. Select “class” and choose the name of the restricted fund that you are researching. Press “ok” and the profit and loss statement specific to that fund will be displayed.
5. To display a detail of the transactions that make up this report total, place the cursor on the net income line and double click with the mouse. This enables you to “drill down” and produce a detailed report.

For other reports by class, the Executive Assistant uses the filter option under modify report. A separate file folder should be maintained for each restricted fund. This folder will contain correspondence and information concerning the donor and restrictions on the funds. All reporting dates and requirements are to be noted and put into the accounting schedule. Fiscal reports will be filed in the folder when produced.

Items purchased at a value greater than \$5,000 shall be capitalized using the straight-line method. The following chart shall be used as a guideline for useful life:

	<b>Useful Life</b>	<b>Yearly Rate</b>
Building(s) and Building Improvement(s)	40	2.5%
Leasehold Improvement(s)	5	20%
Equipment	10	10%
All GAAP Fixed Asset Computer Equipment and Software	3	33.33%
Office Equipment	5	20%
Motor Vehicle(s) New	5	20%
Motor Vehicle(s) Used	5	20%
Office Furnishings	10	10%

## **Procurement Policy (External)**

1. General. The WOLPCS will follow accounting policies and procedures that comply with Generally Accepted Accounting Principles (GAAP). Any procurement of goods and services shall be made by the LSB Chair with the approval of the Director and shall be in the best interest of WOLPCS, upon considering the totality of the circumstances surrounding the procurement, which may include by not be limited to, price, quality, availability, timelines, reputation and prior dealings.

2. Related Parties. The WOLPCS shall not purchase any goods or services from any immediate family member of any employee of the WOLPCS nor from any entity in which any employee may benefit from such a procurement, unless



authorized by the Executive Director after a full disclosure of the potential benefits, and after the consideration set forth in paragraph 1 above.

3. Federal Funds. The WOLPCS understands that the policy cited above applies to purchases made using non-federal funds. As a condition of the receipt of certain federal funds, federal procurement requirements apply.
4. Small purchases. A small purchase is an expenditure of less than \$10,000. Small purchases shall not be parceled by dividing the purchase of same, like or related items of goods, services, or construction, during any 12 consecutive month period, so as to evade the competitive source selection requirements.
5. Competitive Proposals. Unless otherwise provided by policy, contracts of \$10,000 or more for goods, services, or construction shall be made pursuant to the competitive proposals containing the scope of work, purchase description, specifications, and the contractual terms and conditions applicable to the procurement. A minimum of three proposals are to be obtained. Award is made to the lowest responsible and responsible proposal.
6. Sole Source Procurement. Sole source procurement may be authorized by the LSB Chair with the approval of the Director, when there is only one source available for the goods, services, or construction for \$10,000 or more. To justify a sole source purchase it must be established that: (1) The good, service, or construction has a unique feature, characteristic, or capability; (2) The unique feature, characteristic, or capability is essential in order for the agency to accomplish its work; and (3) The particular good, service, or construction is available from only one source.
7. Professional Services. Professional services of \$10,000 or more are generally procured through a process that requires the development of a list of professional service providers who have been qualified through the WOLPCS to perform an anticipated professional service for the WOLPCS. When the need for the professional services arises, the WOLPCS Director shall establish a review process resulting in a ranked order of those providers determined to be the most qualified. The WOLPCS shall negotiate a contract beginning with the first ranked professional service provider. If a contract cannot be negotiated with the first ranked provider then the WOLPCS shall move on to the next highest ranked provider and so on until a contractor with a provider is negotiated. After award, debriefing of non-selected provider(s) is to be held, upon written request by non-selected provider(s).
8. Reimbursements. Reimbursements of expenditures made by the WOLPCS staff for the benefit of the WOLPCS are permitted under the following circumstances:
  - a. approval of the Director
  - b. written substantiation of the expenditure is provided which includes the purpose, time and place and original invoice or receipt for the purchase
  - c. reimbursement of meals must also include a list of attendees and the business purpose of the meeting
  - d. reimbursement requests must be made within 30 days of the date of the expenditure

## **PROCUREMENT POLICY**

1. POs are completed by employee (Employee PO Form Appendix);
2. Employee submits PO to Executive Assistant;
3. Executive Assistant reviews and submits to Director for review and approval;
4. Director returns signed and dated approved PO to Executive Assistant;

5. Executive Assistant checks PO against budget in chart of accounts;
6. Executive Assistant approves with signature and date;
7. When purchase is completed, the PO along w/ sales receipt, copy of check, or credit card statement is given to Executive Assistant to reconcile;
8. Executive Assistant enters PO information into QB;