



# **NATIONAL ASSOCIATION FOR STATE COMMUNITY SERVICES PROGRAMS**

**FINANCIAL POLICIES AND PROCEDURES MANUAL**

**Revised January 2025**

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## **GENERAL**

- A. Mission: Increasing capacity in States to achieve economic security and energy efficiency in low-income communities.
- B. The National Association for State Community Services Programs (NASCSPP) is the sole national association charged with advocating and enhancing the leadership role of States in the administration of the Community Services Block Grant (CSBG) and Weatherization Assistance Program (WAP).

The NASCSPP vision calls for the empowerment of individuals and families with low-incomes. NASCSPP helps States attain full utilization of resources to implement an extensive array of services to individuals and families. These include weatherization, energy assistance, child care, nutrition, employment, state energy programs, job training, asset development, and housing in urban, suburban, and rural communities.

- C. NASCSPP accomplishes its mission and vision through provision of the following services to its members and other stakeholders:
  - 1. Coordination of semi-annual training seminars for state and local Community Services Block Grant (CSBG) and Weatherization Assistance Program (WAP) staff and other interested stakeholders.
  - 2. The Weatherization staff provides on-going technical assistance and support to the Department of Energy (DOE) national headquarters, state and local WAP agencies, and other stakeholders.
  - 3. The Weatherization staff also coordinates an orientation program for new WAP staff.
  - 4. The Community Services staff produces the annual information report on the national CSBG program.
  - 5. NASCSPP staff provide training and technical assistance to states and local agencies upon request in the areas of data collection and Results Oriented Management and Accountability (ROMA).
  - 6. NASCSPP staff provide information to legislators in the areas of WAP and CSBG funding and its impacts.
- D. NASCSPP maintains its administrative headquarters in Washington, DC. It conducts its work and represents all states and territories of the United States.
- E. NASCSPP is a tax exempt 501C6 organization as approved by the IRS.

## **GOVERNANCE**

### A. Board of Directors

1. The Board of Directors maintains the ultimate responsibility for the decision-making of the organization.
2. The Board of Directors is responsible to the membership of the organization to govern the organization in a prudent and proper manner.
3. The membership elects the Board of Directors in accordance with the Bylaws of the organization.
4. The Board of Directors formulates financial policies and delegates the administration of the financial policies and procedures to the Executive Director.
5. The Board of Directors hires the Executive Director. This may be accomplished by action of the entire Board or of a duly authorized subcommittee of the full Board.
6. The Board of Directors maintains its fiduciary responsibility while delegating operational responsibility of the organization to the Executive Director.
7. The Board shall evaluate the performance of the Executive Director, using performance criteria developed by the Executive Committee, at least annually and appraise them of the results of this performance.
8. The Board establishes the compensation and benefits for the Executive Director.
9. The Board, in conjunction with the Executive Director, establishes the strategic direction for the organization.
10. The Board reviews and approves the annual budget and audit.
11. The Board establishes and maintains programs and systems designed to assure compliance with the terms of contracts and grants.
12. The Board authorizes the establishment of all bank accounts and check signers.
13. The Board, in conjunction with the Executive Director, analyzes and assesses areas of risk for the organization and determines mitigation plans to lessen the risk.

## B. Executive Director

1. The Executive Director has responsibility for all operations and activities of the organization, including financial management.
2. The Executive Director must approve the hiring of all other employees.
3. The Executive Director may delegate performance of duties to other qualified NASCSP staff. The delegation of said duties does not relieve the Executive Director of ultimate accountability for performance of required tasks and objectives.
4. The Executive Director shall maintain appropriate internal controls and management systems to ensure NASCSP remains a viable organization.
5. The Executive Director shall operate the organization in a prudent manner. They are expected to make decisions that are in the best interest of the organization and not to benefit themselves directly or indirectly.
6. The Executive Director has the authority to obligate and commit the organization to contractual obligations that further the objectives of the organization, unless specifically precluded by Articles of Incorporation, Bylaws, Board action, or national or local law or regulation.
7. The Executive Director shall keep the Board of Directors informed on matters impacting the organization. This communication will be with the whole Board, the Executive Committee or the Board President as determined appropriate by the Executive Director and Board President.

## **STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS**

In accordance with 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (OMB Uniform Guidance) NASCSP will maintain a financial management system that provides for the following standards. Specific procedures to carry out these standards are detailed in the appropriate sections of this manual.

- A. Identification, in all its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
- B. Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in the OMB Uniform Guidance and/or the award.

- C. Records that identify adequately the source and application of funds for federally funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and be supported by source documentation.
- D. Effective control over and accountability for all funds, property, and other assets. NASCSP shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
- E. Comparison of expenditures with budget amounts for each award. Information that relates financial data to performance accomplishments and demonstrates cost effective practices shall be included as required by funding sources.
- F. Written procedures to minimize the time elapsing between the transfer of funds and disbursement by NASCSP. Generally, NASCSP operates grants on a reimbursement basis, so Federal funds are not on hand. Advance payments shall be limited to the minimum amount needed and be timed to be in accordance with actual, immediate cash requirements.
- G. Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the OMB Uniform Guidance and the terms and conditions of the award.

## **SECURITY**

- A. Management shall ensure that all NASCSP financial records are securely stored in a physical locked office, closet or cabinet, or electronically. The Executive Director and authorized staff responsible for financial recordkeeping will have access to the files. This applies to records housed at the NASCSP office, or where applicable, in home or remote offices of employees.
- B. Financial and other records that are considered sensitive shall be maintained in locked file cabinets. Keys for these cabinets shall be maintained by the Operations Director. NASCSP also maintains secure areas on its Network for sensitive electronic files to be stored and accessible only by the Operations Director and Executive Director, such as finance and human resources files.
- C. NASCSP utilizes passwords via individual workstation authentication to restrict access to accounting software and data. Only duly authorized Operations personnel and contractors with data input responsibilities will be assigned passwords that allow access to the system.
- D. All NASCSP personnel and contractors are expected to keep their passwords secret and to change their passwords on a regular basis.

- E. Personally identifiable information (PII) such as social security numbers of employees shall be protected. Uses of PII will be restricted to a demonstrated need for this information, such as payroll. The retention of such information will only be for required purposes. The security of such information when retained by NASCSP will maximize to prevent unauthorized access.
- F. NASCSP maintains back-up copies of electronic data files in a secured protected, cloud-based server environment. Access to back-up files shall be limited to individuals authorized by management.

### **INTERNAL CONTROL ENVIRONMENT**

- A. It is the policy of NASCSP to observe the highest standards of ethics, honesty, and integrity. Each employee and Board member is required to uphold these standards when representing NASCSP and to comply with all applicable federal, state, and local laws. An employee or Board member may not misuse authority or influence. Employees and Board members are asked to sign a Conflict of Interest policy.
- B. Ethics and Business Conduct
  - 1. An employee or Board member may not have any personal interest or financial gain that conflicts in any way with the interest of the organization or its stakeholders. An employee or Board member may not have a material financial interest, serve as a director, officer, employee, agent, partner, associate, trustee, personal representative, legal representative, or a consultant to an entity or individual that competes with NASCSP in providing services to a third party. An employee or Board member may not act to cause conflicts for others with whom NASCSP does business.
  - 2. An employee or Board member is prohibited from offering, giving, soliciting, or receiving any form of bribe or kickback to or from any vendor, funding source or individual. Bribes and kickbacks are criminal acts which can result in criminal prosecution of both the individual and the organization. In connection with business activities, employees and Board members may provide and receive gifts and entertainment only subject to the following guidelines.
  - 3. The receipt of ordinary business meals and entertainment from suppliers, vendors, contractors, and others is permissible. Accepting novelties or promotional items of nominal value (\$50 or less) is also permissible. Employees and Board members should never ask for any gift or favor from any individual or organization that does business or seeks to do business with NASCSP. An offered or received gift or entertainment will be reported to an appropriate supervisor, in the case of employees, and the Board President, for Board members.

4. No employee or Board member shall use NASCSP funds or any property of any kind to provide any payment, gift or entertainment to any government official, employee, funding source or entity in which the official, employee, Board member or a member of his or her immediate family is known to have a financial interest. This rule applies regardless of whether such payments are commonplace and accepted as a way of business in some areas. These rules apply not only to direct payments, but also to indirect payments of any kind made through a third party. Certain exceptions may be made for gifts of nominal value and meals or food; however, such courtesies must be of a modest amount and be related to a legitimate business purpose. Further, exceptions for gifts, meals or food must be approved in advance by the Executive Director of NASCSP in the case of employees or the Board President, in the case of Board members or the Executive Director.
5. NASCSP maintains Conflict of Interest policies for employees, located in the Employee Handbook, and for Board members. All are expected to read, sign and abide by those policies. Misconduct, falsification or disregard for the policy may result in disciplinary measures up to and including termination of employment, depending on the circumstances and at the discretion of the Executive Director of NASCSP in the case of employees or the Board of Directors in the case of the Executive Director.

#### C. Fraud Policy

1. NASCSP's fraud policy is established to facilitate the development of controls which will aid in the detection and prevention of fraud against NASCSP. It is the intent of NASCSP to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.
2. This policy applies to any fraud, or suspected fraud, involving employees as well as consultants, vendors, contractors, outside agencies doing business with employees of such agencies, Board members and/or any other parties with a business relationship with NASCSP.
3. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position, title, or relationship to NASCSP.
4. Management is responsible for the deterrence, detection and prevention of fraud, misappropriations, and other inappropriate conduct. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to their injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.
5. Any fraud that is detected or suspected must be reported immediately to the Executive Director, who will coordinate all investigations. The Executive Director may conduct the



investigation themselves or use the services of outside consultants and/or legal counsel to ensure a proper and impartial investigation.

6. Fraud includes defalcation, misappropriation, and other fiscal wrongdoings. These may include, but are not limited to:
  - Any dishonest or fraudulent act.
  - Forgery or alteration of any document or account belonging to NASCSP.
  - Forgery or alteration of a check, bank draft or any other financial document.
  - Misappropriation of funds, securities, supplies, or other assets.
  - Impropropriety in the handling or reporting of money or financial transactions.
  - Profiteering as a result of insider knowledge of NASCSP activities.
  - Disclosing confidential and proprietary information to outside parties.
  - Accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to NASCSP (Exception: gifts less than \$50 in value).
  - Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment; and/or
  - Any similar or related inappropriate conduct.
7. Suspected improprieties concerning an employee's moral, ethical or behavioral conduct should be resolved by the immediate supervisor, where possible, rather than the Executive Director. If there is any question as to whether an action constitutes fraud, contact the Executive Director for guidance.
8. The Executive Director has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, appropriate disciplinary action shall occur up to and including termination. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel.
9. The Executive Director shall treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Executive Director *immediately* and should not attempt to personally conduct investigations or interview/interrogations related to any suspected fraudulent act. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputation of persons suspected but subsequently found innocent of wrongful conduct and to protect NASCSP from potential civil liability.
10. The Executive Director will have free and unrestricted access to all NASCSP records and premises, whether owned or rented and the authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on the

premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of the investigation.

11. Great care must be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting a suspected individual that an investigation is under way. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquiry should be directed to the Executive Director.

#### D. Whistleblower Protection Policy

1. NASCSP is committed to high standards of ethical, moral, and legal business conduct. In line with this commitment, NASCSP has a whistleblower policy that aims to provide an avenue for you to raise concerns and reassurance without fear of reprisal or victimization.
2. NASCSP, including any Officer, employee, contractor, subcontractor, Board member, or agent of the organization shall not discharge, demote, suspend, threaten, harass, or in any other manner discriminate against an employee in the terms and condition of employment because of any lawful act done by the employee to provide information, cause information to be provided, or otherwise assist in an investigation regarding any conduct which the employee reasonably believes constitutes a questionable or improper accounting or auditing matter, violation of federal, state or local laws, regulations or ordinance, or any organization policy or procedure.
3. Any employee who believes that they have been retaliated against in violation of this policy should contact the Executive Director, or the Board President if not properly addressed by the Executive Director.

E. The Executive Director will oversee a periodic systemic risk assessment process, if significant operational changes occur but not less than every three years. This process will be performed per the Risk Assessment Plan and conducted with Board input and review. The process shall also involve key management staff of NASCSP. Risks will be identified and potential cost-beneficial controls will be implemented to appropriately address identified risks.

F. Current position descriptions will be maintained for all employees, indicating duties and responsibilities. These will be located in the respective employee's personnel file.

G. Knowledgeable employees will be hired to fill employment positions. Appropriate supervision will be conducted.

- H. Financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts, disbursements, payroll, and reconciliation of bank accounts.
- I. Documentation
  - 1. Forms can be computer generated, typed, or completed in ink only. No documentation submitted in pencil will be accepted.
  - 2. Full signatures will accompany all payroll-related documentation. Initials will be considered adequate documentation on vendor invoices, as long as the person approving the transaction can be determined from the initials.
  - 3. Minutes of all meetings of the Board of Directors will be maintained. It is the responsibility of the Board President to ensure that accurate minutes of all meetings of the Board are prepared.
- J. Grant rules will supersede these policies, but only on a case-by-case basis and only if the grant rules are more restrictive.

## **BUDGETS**

- A. Financial budgets will be prepared by the Executive Director with the assistance of other NASCSP staff of the organization and/or contractor(s) that have program and/or financial knowledge.
- B. The budget shall be prepared for a one-year period. The budget shall contain relevant actual historical information to assist the Board of Directors in assessing the appropriateness of the context for operations.
- C. The budget information presented to the Board shall disclose significant assumptions used in the preparation of the budget for the upcoming year. The proposed budget shall be based on realistic assumptions and known realities. The proposed budget shall be a realistic projection of the upcoming year. This does not prevent presentation of best-case and worst-case scenarios, but these shall not be presented as the most realistic version of the budget.
- D. The Board of Directors shall adopt an annual budget before the beginning of the budget year. The Board shall ask appropriate questions to allow them to fully understand the reasonableness of the budget.
- E. The budget may be modified by Board action subsequent to initial approval.
- F. The budget is meant as a financial plan. The line items in the budget are not to be construed as an absolute limit on revenue or expenses.

- G. Budgets for programs that are not on NASCSP's fiscal year will be prepared in accordance with the awarding agency requirements.

## **FINANCIAL REPORTING**

### **A. Accounting System**

1. The accrual method of accounting will be used for NASCSP's financial records.
2. Book of original entry:
  - a. NASCSP will utilize the double entry system of accounting.
  - b. All receipts and disbursements of NASCSP will be recorded in a timely manner.
  - c. Adequate documentation and support will be maintained for all entries.

### **B. Computer System**

1. A software accounting system, such as Intuit's QuickBooks Pro, will be used to maintain the financial records of NASCSP.
2. The computer data shall be backed up as prudent, but never less than monthly, with a copy stored securely off-site or online.

### **C. NASCSP staff and/or contractor(s) will prepare financial statements. The statements will be prepared from the information provided by the accounting financial system and the additional information supplied to those preparing the reports.**

1. On a monthly basis, NASCSP staff and/or contractor(s) will prepare statements that include the following: Statement of Activities; Schedule of Revenues and Expenses (that compares Budget to Actual); Statement of Financial Position; and a Grant Summary Report.
2. At the end of the fiscal year, NASCSP staff and/or contractor(s) shall prepare the reports mentioned above for management's use and shall work in conjunction with the auditor to prepare the required statements and schedules for the audit. NASCSP staff and/or contractor(s) shall prepare the annual financial statements for the auditor in Generally Accepted Accounting Principles (GAAP) format. NASCSP staff and/or contractors shall prepare all GAAP required disclosures. NASCSP staff and/or contractor(s) shall prepare additional schedules for the requirements of the Single Audit, as required by the Office of Management and Budget Uniform Guidance. NASCSP staff and/or contractor(s) shall prepare the required schedules and backup to allow the receipt of an unqualified audit opinion.

### **D. The monthly financial statements will be reviewed by the Executive Director and the appropriate NASCSP staff. They shall each indicate their review and acceptance of the monthly financial statements by signing and dating the file copy of the financial statements. Electronic approval may also be utilized to verify review and acceptance of monthly**

financial statements. An electronic record shall be maintained indicating review and approval, if used.

- E. The monthly financial statements will be reviewed by the Board Treasurer on a monthly basis. The e-mail transmitting the copy of the financial statement shall be retained with the file copy of the financial statements indicating review and approval.
- F. On a monthly basis, the financial statements will be sent to the Executive Committee of the Board. The e-mail transmitting the copy of the financial statements shall be retained with the file copy of the financial statements indicating review and approval.
- G. If anyone reviewing the financial statements has a question or concern related to the financial statements, the question or concern should be directed to the Executive Director. The Executive Director is responsible for ensuring that the question or concern is resolved.
- H. The Program Manager or designated NASCSP staff or contractor will prepare required reports to funding sources. The Executive Director will verify and sign such reports.

### **GENERAL LEDGER**

The general ledger is the collection of all asset, liability, net assets, revenue and expense accounts. It is used to accumulate all financial transactions and is supported by subsidiary ledgers and/or schedules that provide details for certain accounts. The general ledger is the foundation for the accumulation of data and production of financial reports.

- A. The chart of accounts is the framework for the general ledger system and the basis for the accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, and expense.
- B. NASCSP's chart of accounts is comprised of five types of accounts:
  - 1. Assets
  - 2. Liabilities
  - 3. Net Assets
  - 4. Revenues
  - 5. Expenses
- C. Each account number is a three-digit number.
- D. The chart of accounts is monitored and controlled by the appointed NASCSP staff and/or contractor(s).
- E. Account definitions

General Ledger

Account Range

100 – 199

Category

**Assets**

Definition

Assets are probable future economic benefits obtained or controlled by the organization as a result of past transactions or events. Assets are classified as current assets, fixed assets, contra-assets, and other assets.

Current assets are assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash, accounts receivable, grants receivable and prepaid expenses that will be collected within one year of the statement of financial position date.

Fixed assets (property and equipment) are tangible assets with a unit cost of at least \$10,000 and a useful life of more than one year that are acquired for use in the operation of the organization and are not held for resale. Consistent with the Uniform Guidance this does not include computing equipment.

Right-to-Use assets are asset accounts that represent the value of the remaining life of a long-term lease, such as an office lease.

Contra-assets are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivable.

Other assets include long-term assets that are assets acquired without the intention of disposing of them in the near future. An example would be security deposits.

200 – 299

**Liabilities**

Liabilities are probable future sacrifices of economic benefit arising from present obligations of the organization to transfer assets or provide services to other entities in the future as a result of past transactions or events. Liabilities are classified as current or long-term.

Current liabilities are probable sacrifices of economic benefits that will likely occur within one year of the date of the financial statements or which have a due date of one year or

less. Common examples of current liabilities include accounts payable, accrued expenses and deferred revenue.

Long-term liabilities are probable sacrifices of economic benefits that will likely occur more than one year from the date of the financial statements. An example is the non-current portion of mortgage loan.

300 – 399	<b>Net Assets</b>	<u>Net Assets</u> is the difference between total assets and total liabilities.
400 – 499	<b>Revenues</b>	<u>Revenues</u> are inflows or other enhancements of assets, or settlements of liabilities, from rendering services or delivering goods or other activities that constitute an organization's ongoing major or central operations. Revenues include grants received from government agencies, contract services rendered for states or others, membership dues and conference registrations.
500 – 599	<b>Expenses</b>	<u>Expenses</u> are outflows or other activities using assets, or incurrence of liabilities from rendering services or carrying out other activities that constitute NASCSP's ongoing major or central operations.

F. NASCSP shall operate on a fiscal year that begins on January 1 and ends on December 31. Any changes to the fiscal year of the organization must be ratified by a majority vote of the Board of Directors.

G. NASCSP utilizes numerous estimates in the preparation of its interim and annual financial statements. Some of those estimates include:

1. Useful lives of property and equipment
2. Collectability of receivables
3. Joint cost allocations
4. Allocations of certain administrative costs
5. Allocation of time/salaries

NASCSP staff will reassess, review and approve all estimates yearly. All key conclusions, basis and other elements associated with each accounting estimate shall be documented in writing.

## **AUDIT**

- A. The Board President and the Treasurer shall serve as the audit committee for the annual audit of NASCSP.
- B. NASCSP shall review the selection of its independent auditor in the following circumstances:
  - 1. Anytime there is dissatisfaction with the service of the incumbent firm.
  - 2. When a fresh perspective and new ideas are desired.
  - 3. Every five (5) years to ensure competitive pricing and a high quality of service. The firm selected does not need to change every year, but the procurement process for the auditor must be undertaken at least every five (5) years.
- C. The selection of an accounting firm to conduct the annual audit is a task to be taken very seriously. The following factors, at a minimum, shall be considered when selecting an accounting firm:
  - 1. The firm's reputation in the nonprofit community.
  - 2. The firm's responsiveness, including the firm's demonstrated ability to provide the services requested in a timely manner.
  - 3. The ability of firm personnel to communicate with NASCSP personnel in a professional and congenial manner.
  - 4. Availability of the firm's staff with the requisite professional qualifications.
  - 5. The firm's technical abilities.
  - 6. Peer review of the firm by other accounting firms.
  - 7. The firm's proposed price for services.
  - 8. The depth of the firm's understanding of and relevant experience with not-for-profit organizations and Federal reporting requirements under OMB Uniform Guidance.
- D. The audit committee shall approve of the audit firm retained each year. The Board President may give the Executive Director authority to sign the annual engagement letter with the CPA firm.
- E. Before retention of a CPA firm, the Executive Director shall verify that the selected audit firm is eligible and qualified to conduct the single audit of NASCSP. The Executive Director may use the assistance of NASCSP Staff or contractor(s) to verify the auditor's qualifications. Experience with single audit requirements is one factor that shall be used in selecting a qualified audit firm. Verification that the audit firm is not barred from Federal work shall be an annual requirement. The peer review opinion and comment letter must be reviewed prior to auditor retention and in subsequent years, when the audit firm undergoes peer review.
- F. NASCSP will have an annual audit conducted, even if funding source authority would allow



a lesser frequency.

- G. The annual audit shall be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). Further, the annual audit shall be conducted under all requirements of OMB Uniform Guidance.
- H. The Executive Director, Board President and Board Treasurer shall correspond with the auditors at least once, annually. This meeting shall lay out the audit plan to be followed, the sharing of any particular areas of focus or risk, the overall findings from the conduct of the audit, the condition of the internal controls of the organization, and any other issues that the auditors or audit committee desire to communicate. NASCSP Staff may be asked to not participate in the meeting or a portion of the meeting to allow a direct interchange.
- I. Upon conclusion of the audit process, NASCSP staff and/or contractor(s) shall review the draft report, before the audit is considered final and presented to the Board of Directors for final adoption. The audit committee shall have the opportunity to meet with the Auditor to review the final report.
- J. The audit and related reports shall be filed with Single Audit Clearinghouse in a timely manner.
- K. All necessary corrective actions, if any, shall be completed in a timely manner and a report issued to the Audit Committee of the Board indicating completion of all remedial actions.
- L. The auditor may prepare the Federal Form 990 tax return in conjunction with the audit. All services to be performed by the auditor must be reviewed and approved by the audit committee to ensure no conflict of interest exists.

## **TAX REPORTING**

To legitimately conduct business, NASCSP must be aware of its tax and information return filing obligations and comply with all such requirements of Federal, state and local jurisdictions.

- A. The Executive Director shall appoint a NASCSP staff member to be responsible for ensuring all necessary returns are completely and accurately prepared and filed timely with the appropriate governmental body.
- B. Tax returns for payroll taxes, including social security, Medicare and state withholding must be prepared and filed timely. Further, all employee withholdings and employer payments must be made within the required timeframe established by the related taxing authorities. Submittal of payroll tax deposits may not be delayed beyond the required due dates without approval of the Board of Directors.

- C. The annual information return (Form 990) must be prepared by NASCSP staff, contractor(s) or auditors and filed in a timely manner, after review and approval of the Board.
- D. NASCSP adheres to the following guidelines in order to comply with the required public disclosure requirements of Form 990:
  - 1. Anyone appearing in person at the offices of NASCSP during normal working hours making a request to inspect the Form 990 tax return will be granted access to a file copy. NASCSP staff shall be responsible for maintaining copies of the organizations annual tax returns and making them available to all requesters.
  - 2. For all written requests for copies of forms received by NASCSP, the organization shall require prepayment of all copying and shipping charges. For requests for copies that are received without prepayment, NASCSP will notify the requester of this policy via phone call or by letter within 7 days of receipt of the original request.
  - 3. For requests for copies made in person during normal business hours, copies shall be provided while the requester waits.
  - 4. An electronic public copy of the tax return also may be made available at no charge.
- E. Any income-producing activities that are unrelated to the organization's tax-exempt purpose shall be segregated in separate accounts in the general ledger in order to facilitate tracking and accumulation of unrelated trade or business activities. Expenses in appropriate proportion to the revenue produced shall be allocated to the unrelated business income. If such income exists, NASCSP will file IRS Form 990-T to appropriately report such activity.

### **RECORDS RETENTION**

- A. The purpose of this policy is to clearly communicate the intent of National Association for State Community Services Programs (NASCSP) to fully comply with all legal investigations and inquiries. It is each employee's responsibility to comply with this policy. Failure to comply with this policy may subject the employee to disciplinary action by NASCSP, up to and including termination, as well as criminal and/or civil action by the appropriate legal body.
- B. The Sarbanes-Oxley Act makes it a crime to alter, cover up, falsify or destroy any document to prevent its use in an official proceeding.
- C. Each employee and Board member has an obligation to contact the Executive Director of the organization of a potential or actual litigation, external audit, investigation or similar proceeding involving the organization.
- D. The NASCSP person responsible for all legal matters at NASCSP is the Executive Director. All legal communication should be addressed to them. Likewise, they are responsible for

communicating to the appropriate organization personnel when a legal notice has been received and when the components of this policy are applicable.

E. The Executive Director in conjunction with legal counsel will communicate the following to the appropriate NASCSP staff, when deemed appropriate:

- We are legally required to retain and preserve all potentially relevant documents, electronic records and tangible things until the conclusion of said matter. Documents or information whether paper or electronic, including any drafts, work papers, personal notes, duplicate copies, versions, etc. on NASCSP computers, in NASCSP office space, at employee's home, or another location.
- This obligation supersedes NASCSP's standard record retention policy until further notice is given.
- It is important that NASCSP staff personally retain all documents, electronic records and items that might be relevant to a pending lawsuit, until notified to the contrary.
- The Executive Director shall notify staff when it is permissible to dispose of records in accordance with NASCSP's retention policy.

F. The information listed in the retention schedule below is intended as a guideline and may not contain all the records the organization may be required to keep in the future. Questions regarding the retention of documents not listed in this chart should be directed to the Executive Director of the organization.

<u>Category</u>	<u>Item</u>	<u>Retention Period</u>
Corporate Records	Articles of Incorporation and Bylaws	Permanent
	Corporate resolutions	Permanent
	Board and committee meeting	
	Agendas and minutes	Permanent
	IRS tax exempt letter	Permanent
Finance and Admin.	Annual Audit Reports	Permanent
	Form 990	Permanent
	Payroll Records	Permanent
	Bank Statements	7 years
	Bank Deposits and support	7 years
	Check copies	7 years
	Vendor invoices and payment support	7 years
	General ledger	7 years
	Monthly financial statements	3 years

	Vendor Contracts	7 years
	Funding source grants/contracts and all supporting documents	7 years after all obligations end
Insurance	Policies	7 years
	Claims (after settlement)	7 years
	Equipment inventories	7 years after disposition
Human Resources	Employee personnel files	Permanent
	Employee handbook	Permanent
	Benefit plan documents	Permanent
	Workers comp claims	7 years after settlement
	Employee activity reports	3 years

- G. The Executive Director of the organization is responsible for the ongoing process of identifying its records, which have met the required retention period and overseeing their destruction. Destruction of financial and personnel related documents will be accomplished by shredding. Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent.

### **ADJUSTING JOURNAL ENTRIES**

- A. Adjusting journal entries will be used to adjust the accounting records for actual financial activity of the organization. The use of adjusting journal entries will be used to the least extent necessary.
- B. Adjusting journal entries will be used specifically for the following purposes:
1. To enter cash receipts.
  2. To record payroll from the payroll processing services and the related tax payments.
  3. To record direct draws from the checking accounts or routine entries.
  4. To record adjustments and reconciliation required adjustments.
  5. To correct errors and enter accruals.
- C. All adjusting journal entries are to be made by the contracted controller only.
- D. When the monthly file is uploaded from the contracted controller to the main electronic general ledger file, a detailed listing of all adjusting journal entries shall be produced by the contracted controller. The NASCSP staff member shall review the listing of adjusting journal

entries and sign the listing, indicating their approval of the adjustments. This listing shall be filed with the monthly financial statements. Documentation of this review process may also be electronic and documented by retention of the e-mail indicating review and approval.

- E. Each journal entry shall have a description entered in the adjusting journal entry detail to allow anyone reviewing the electronic general ledger to understand the reason for the adjustment.
- F. Appropriate documentation must be maintained to support each adjusting journal entry made into the general ledger.

### **AUTHORIZATION AND APPROVAL**

- A. All entries in the general ledger of NASCSP and all transactions occurring on behalf of NASCSP must be appropriately authorized and approved.
- B. All entries and transactions require at least two separate employees or contractors to authorize or approve before they shall be entered into the general ledger of NASCSP. The separation of duties is a requirement.
- C. All expenses or other utilization of resources for NASCSP must be for the benefit of NASCSP's mission and purpose. It is the responsibility of the initiator of any transaction to determine that the expense to be incurred is for the benefit of NASCSP's mission and purpose. For charges to federal grants or contracts, it is further required that the originator determine whether the expense is reasonable and necessary. Anyone signing off as the originator or approver of transactions is warranting the necessity and appropriateness of the expense.

### **COST ALLOCATION**

- A. All costs of NASCSP shall be allocated according to the Cost Allocation Plan. This includes any separation costs incurred from employment agreements or policies contained in the NASCSP Employee Handbook.
- B. The Board of Directors, or designated committee, will review and approve any updates or changes to the Cost Allocation Plan.

### **CASH MANAGEMENT**

- A. All NASCSP cash shall be maintained in FDIC insured bank account(s) to the extent practicable.
- B. Although balances in any one bank may be in excess of FDIC coverage as long as the credit

worthiness of the financial institution has been reviewed and approved by the Executive Director, reasonable attempts will be made to keep balances in any one financial institution below FDIC limitations to maximize the safety of NASCSP's cash. Management may use a Bauer rating to determine creditworthiness of financial institutions.

- C. Funds are to be maintained in an interest-bearing account whenever possible.
- D. Temporary funds of NASCSP cannot be invested in equity investments without the authorization of the Board of Directors.
- E. The following shall have check signing authorization:
  - 1. Executive Director
  - 2. President of the Board of Directors
- F. All bank accounts shall be reconciled at least once a month, by NASCSP staff or contractor(s).
- G. Funds will be invested whenever it is determined that cash balances adequately allow. NASCSP staff or contractor will analyze cash flow and move funds from the money market account(s) to the checking account(s) to cover short-term cash needs as evidenced by checks written:
  - 1. The on-line transfer system will be utilized whenever possible to maximize the funds invested in the money market account.
  - 2. Certificates of Deposit may be utilized when the Executive Director determines that immediate cash flow needs of NASCSP will not be harmed. The Executive Director shall have interest rates and terms researched to determine the best investment option available.
- H. Monthly, the contractor shall determine the amount of cash reimbursement that NASCSP is entitled to from each Federal project. The contractor shall communicate this reimbursement to the designated NASCSP staff, who will then use the on-line system and request drawdown of Federal funds. At no time shall contractor(s) draw down Federal funds. Federal funds will typically be drawn down on a reimbursement basis. Cash can be drawn before it has been spent on Federal projects under special circumstances, such as a potential Federal government shutdown. In such cases, Federal cash can only be drawn down with Executive Director approval. Such draws shall only be for the reasonable cash needs for the anticipated likely time of a shutdown.

### **CASH RECEIPTS**

- A. NASCSP has a Locked Box account at its primary bank for the automatic processing checks.
- B. Staff will provide a monthly Locked Box summary report indicating the revenue category for

entry by the contractor during the month close.

- C. Any checks received at the office will immediately be restrictively endorsed "NASCSP -- FOR DEPOSIT ONLY" when received and recorded in a check log indicating date of receipt, payment source, check number, check amount, and purpose.
- D. The NASCSP staff or appropriate designee will prepare the deposit by completing a bank deposit ticket in duplicate and a bank deposit cover sheet. These items along with the source documents will be scanned and saved in the monthly close folder.
- E. Depending on the amount, deposits may be made daily or weekly, but under no circumstances will deposits be made less than monthly. The deposit ticket and checks will be kept in a locked drawer, pending deposit.
- F. At month end, copies of the deposit tickets and the checks will be entered into the general ledger system by the contractor.

### **CASH DISBURSEMENTS**

- A. Cash disbursements may be by check, ACH payment or electronic payment based on Vendor requirements and availability. All cash disbursements must be accompanied by an invoice or source document showing the amount, purpose and approval of payment.
- B. All original invoices will immediately be forwarded to the Program Manager or other employee ordering the goods or services to which the invoice relates. Upon receipt of the invoice, the Program Manager or other employee shall immediately review the invoice. If the goods or services were received in good order, the Program Manager or other employee will approve the invoice for payment by writing "OK to Pay" and signing the invoice or forward with an e-mail documenting approval. The Program Manager or other employee shall indicate the grant or project to be charged or the allocation pool to be charged for the expenditure. An electronic approval will be considered sufficient and attached to the invoice. The approved invoice shall then be forwarded to the NASCSP staff. If the goods or services were not received or there is a problem in the invoice, the Program Manager or other employee will immediately contact the invoicing organization and remedy the situation. The Program Manager or other employee shall also immediately notify the NASCSP staff about the discrepancy. The employee must have the proper level of authority to sign authorizing payment, as delineated in a previous policy.
- C. The NASCSP staff will review the invoices for propriety and clerical accuracy of the amount billed. They will also add the account code distribution to the invoice or review the distribution indicated by the program manager or other employee. They will then prepare

the invoices for review by the Executive Director.

- D. The Executive Director will authorize final payment by initialing the invoice and will then return it (them) to the NASCSP staff.
- E. Upon receipt of the approved invoices, the NASCSP staff will enter the invoices into the QuickBooks Pro or other software package. Payment will be scheduled when the invoices are entered into the system (generally 30 days from receipt of the invoice).
- F. The NASCSP staff will be responsible for all blank paper checks which will be consecutively numbered and kept under lock.
- G. The NASCSP staff will prepare checks or electronic payment based on payment authorization by the Executive Director. Only the Executive Director and/or designated Board members shall be authorized to sign checks or process electronic payment. (All checks shall require one (1) signature.)
- H. The NASCSP staff will affix the check stub indicating check number and date, or the report of electronic payment, to paid invoices. All invoices and proof of payment will be filed in a paid invoice file, which is maintained in alphabetical order by vendor name.
- I. Voided checks will be plainly marked "VOID" in ink across the face of the check and the signature portion of the check will be torn out. The voided check will be attached to the stub.
- J. In no event will paper checks be prepared:
  - 1. Using any other procedures;
  - 2. From monthly statements;
  - 3. In other than consecutive number order
  - 4. Payable to "cash" "bearer" etc.
  - 5. On verbal authorization.
- K. The Executive Director and designated NASCSP staff may utilize online bill payment systems, either offered by the bank where NASCSP has an account or third-party vendor in order to process payables electronically. All approval processes and record keeping outlined above must be adhered to.

### **BANK RECONCILIATIONS**

- A. Bank statements will be forwarded to the contracted controller. The contracted controller will review the bank statements for unusual items. Any unusual items will immediately be investigated for clarification.



- B. The contracted controller will enter cash activity indicated on the bank statements into QuickBooks Pro or other commercial software accounting package. Only the following transaction types may be entered by the contracted controller, any other type of transaction requires the pre-approval of the Executive Director in writing.
1. Payroll direct deposits.
  2. Payment of payroll taxes.
  3. Routine direct draws to pay property and liability insurance, metro, and payroll service fees.
  4. Payment of credit card.
  5. Transfers from members to pay membership dues to NASCSP.
  6. Transfers to pay conference registration fees to NASCSP.
  7. Transfers between NASCSP cash accounts.
- C. The contracted controller will reconcile all cash accounts monthly. The cash reconciliation function of QuickBooks Pro or other software program will be utilized to prepare all cash reconciliations. The cash accounts must be reconciled without exception. Any exception must be reported immediately to NASCSP staff and the Executive Director.
- D. The bank statement and bank reconciliation will be forwarded to the Executive Director. After reviewing the bank statement and bank reconciliations, the Executive Director will sign both sets of documents and file the statements and reconciliations. Electronic review and approval may be documented by retention of e-mail indicating such review and approval has occurred.
- E. Any material discrepancies will be reported in writing with a copy to the Board Treasurer.

### **PURCHASES/PROCUREMENT**

The policies described in this section apply to all purchases made by NASCSP.

NASCSP requires the highest level of ethics, responsibility and reasonableness related to purchasing, agreements, contracts and related forms of commitments. The policies in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities.

The goal of these procurement policies is to ensure that materials and services are obtained in an effective manner and in compliance with the provisions of the applicable Federal statutes and executive orders. The procurement standards, policies and procedures are in compliance with the standards set by the OMB Uniform Guidance.

- A. All program and operations managers have the authority to initiate purchases on behalf of

NASCSP. The Executive Director has approval authority over all purchases and contractual commitments and shall make the final determination on any proposed purchase.

B. Code of conduct in purchasing. Ethical conduct in purchasing activities is absolutely essential.

1. Employees, officers, board members and agents of NASCSP shall neither solicit nor accept gratuities or gifts of value in any way that might influence the purchase of supplies, equipment and/or supplies.
2. Employees shall notify their immediate supervisor if they are offered such gifts or enticements.
3. No employee, officer or agent shall participate in the selection, award, or administration of a contract 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 their immediate family, their 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.

C. General procurement principles:

1. Some form of cost or price analysis shall be made for every procurement in excess of \$10,000. Price analysis may be made in various ways, including comparison of price quotations submitted or marked prices (e.g., via the internet, catalogue or other written means). Staff familiar with similar purchases may rely on their knowledge, if the prices are reasonable.
2. NASCSP shall avoid acquisition of unnecessary or duplicative items.
3. Where appropriate, an analysis will be made of lease and purchase alternatives and any other appropriate analysis to determine the most economical approach.
4. Purchasers are encouraged to enter into state and local inter-governmental or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.
5. Purchasers are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
6. NASCSP shall award contracts only to responsible contractors possessing the ability to

perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

7. Documentation of the cost or price analysis associated with each procurement decision in excess of the simplified acquisition threshold (\$250,000 as of 1/1/2023) shall be retained in the procurement files pertaining to each federal award.
  8. NASCSP shall maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limed to the following:
    - a. Rationale for the method of procurement
    - b. Selection of contract type
    - c. Contractor selection or rejection
    - d. Basis for the contract price
  9. Time and material type contracts are to be used only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and material type contract means a contract whose cost is the sum of direct labor hours charged at a fixed hourly rate that reflects wages, general and administrative expenses and profit.
  10. NASCSP shall not utilize the ‘cost-plus-percentage-of-costs’ method of contracting.
  11. NASCSP shall not enter into contracts with contractors that have been suspended or disbarred from doing business with any Federal agency (A list of excluded contractors can be found at [www.sam.gov](http://www.sam.gov)).
- D. Competition. All procurement transactions must be conducted in a manner providing full and open competition. To promote full and open competition, purchasers will:
1. Be alert to situations considered restrictive of competition, including but not limited to:
    - a. Organizational conflicts of interest
    - b. Placing unreasonable requirements on firms in order for them to qualify to do business
    - c. Requiring unnecessary experience and excessive bonding
    - d. Noncompetitive pricing practices between firms or between affiliated companies
    - e. Noncompetitive contracts to consultants that are on retainer contracts
    - f. Specifying only a ‘brand name’ product instead of allowing ‘an equal’ product to be offered and describing the performance or other relevant requirements of the procurement

- g. Any arbitrary action in the procurement process.
2. Not permit potential contractors who develop specifications, requirements, statements of work and/or invitations for bids or requests for proposals to bid on such procurements.
  3. Not give preference to state or local geographical areas unless such preference is mandated by Federal statute.
  4. Issue solicitations that:
    - a. Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured.
    - b. When necessary, set forth minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use.
    - c. Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.
    - d. A description of the format, if any, in which proposals must be submitted, including the name of the person to whom proposals should be sent.
    - e. List, as appropriate, required delivery or performance dates/schedules.
    - f. Provide a date by which proposals are due.
  5. Reserve the right to reject any or all bids that are not in NASCSP's interest.
  6. Issue solicitations that provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, an extension may be granted if a prospective offeror so requests and the request is approved by the Executive Director.
- E. Authorization and Purchasing Limits. The following table displays the required solicitations, approvals and documentation by dollar level of procurement.

<b>Amount of Purchase</b>	<b>Required Solicitation</b>	<b>Required Approvals</b>	<b>Supporting Documentation</b>
≤ \$10,000	Reasonable Comparison	Program Director, following Executive Director notification	Purchaser's Appropriate Discretion

\$10,000 ≤ \$250,000	3 price or rate quotations <i>(verbal, catalogue, internet or written)</i>	Program Director <b>and</b> Executive Director	Notes for verbal price quotations or copies of written price indications
>\$250,000	Competitive Bid Process <i>(refer to titled section below)</i>	Executive Director	<ul style="list-style-type: none"> <li>▪ Copy of RFP</li> <li>▪ Proposal scoring grids including who participated in the scoring</li> <li>▪ Proposal and contract of winning bidder</li> </ul>

1. For procurements of \$10,000 and less, NASCSP shall distribute these purchases equitably among qualified suppliers. These purchases may be awarded without soliciting competitive quotations if the purchaser considers the price to be reasonable.
2. For procurements greater than \$10,000 and less than \$250,000, price or rate quotations must be obtained from at least 3 potential vendors/suppliers, if possible.
3. For procurements greater than \$250,000, a formal competitive bid/solicitation process must be conducted.

F. Competitive Bid Process. Purchasers shall use one of the following two approaches for competitive bids:

1. Request for Proposal are normally used when more than one potential provider is available to deliver the goods or services desired by NASCSP.
  - a. Proposals must be solicited from an adequate number of qualified sources.
  - b. Potential providers shall be evaluated on a weighted scale that considers some or all of the following criteria:
    - Adequacy of the proposal methodology
    - Skill and experience of key personnel
    - Demonstrated experience
    - Other technical specifications
    - Compliance with administrative requirements of the request for proposal (format, due date, etc.)
    - Contractor's financial stability

- Contractor's demonstrated commitment to the nonprofit sector
  - Results of communications with references supplied by the vendor
  - Ability/commitment to meeting time deadlines
  - Cost
  - Minority or women-owned business status of vendor
  - Other criteria relevant to good/service requested
- c. Contracts must be awarded to the responsive firm whose proposal is most advantageous to the program, with price and other factors considered.
2. Sealed bids are used when price is the only significant criteria. No other criteria will be considered in the awarding process.
- a. In order for sealed bidding to be feasible, the following conditions should be present:
- 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
  - 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 alone.
- b. If sealed bids are used, the following requirements apply:
- The invitation for bids must define the goods or services adequately in order for the bidder to properly respond
  - A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder
  - Any or all bids may be rejected if there is a sound documented reason.
- G. Non-competitive proposals (Single or Sole Source) is used *only* if the goods or services to be procured are only available under the following circumstances:
- The item is available only from a single source
  - There is an emergency requirement that will not permit a delay resulting from a competitive solicitation.
  - The awarding agency or entity expressly authorizes noncompetitive proposals in response to a written request from NASCSP.
  - After solicitation of a number of sources, competition is determined to be inadequate.
- H. Non-discrimination Policy. All contractors who are the recipients of NASCSP funds, or who propose to perform any work or furnish any goods to NASCSP, shall agree to not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation, or national origin.

I. Affirmative Consideration of Minority, Small Business & Women-Owned Business. Positive efforts shall be made by NASCSP to utilize small businesses, minority-owned firms, and women-owned business enterprises, whenever possible. The following steps shall be taken as appropriate:

1. Placing such businesses on a solicitation list
2. Assuring such businesses are solicited whenever they are potential providers
3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms
4. Using other organizations to build a referral network for potential procurements
5. Requiring prime contractors to subcontract with such businesses, where practical.

J. Availability of Procurement Records. NASCSP shall make procurement files available for inspection upon request by a federal awarding agency, request by the full board or other relevant funding source.

K. Provisions Included in All Contracts. NASCSP will include the following provisions, where applicable, in all contracts charged to Federal awards:

1. Equal Employment Opportunity
2. Davis-Bacon Act
3. Contract Work Hours and Safety Standards Act
4. Rights to Inventions Made Under a Contract or Agreement
5. Clean Air Act and the Federal Water Pollution Control Act
6. Byrd Anti-Lobbying Amendment
7. Debarment and Suspension

L. Receipt and Acceptance of Goods. A designated individual shall inspect all goods received. To the extent possible, the person assigned responsibility for receiving and accepting goods should be separate from the person responsible for purchasing and bill paying. Upon receipt of any item, the quantity and condition of the goods will be examined and upon acceptance the invoice or packing slip will be signed indicating receipt of goods.

M. A completed Form W-9 will be on file for all new vendors before payment can be issued.

## **CREDIT CARDS**

- A. NASCSP maintains a corporate credit card account with the bank where its primary business checking account is held. The credit card is the financial responsibility of NASCSP and is not a personal employee liability.
- B. Each credit card is issued in the name of a specific employee. It is not permissible to allow other employees to charge items on a card that does not have that employee's name on it.
- C. The card is the responsibility of the employee named on the card. All charges on an employee's card are the responsibility of that employee.
- D. If a card is lost or stolen, the employee should contact the bank directly and cancel the card, immediately, as well as alert the operations director.
- E. The following employees are eligible to receive a credit card, subject to approval by the Executive Director, contractors or other non-employees are never allowed to receive a NASCSP credit card:
  - 1. Executive Director
  - 2. Program Directors or Managers
  - 3. Other employees as determined appropriate by the Executive Director
- F. Employees are responsible for completing a Credit Card Report of monthly charges included on the primary credit card statement and for providing applicable receipts. The operations director will provide staff the reports for monthly review and accurate accounting.
- G. The following information must be provided for each charge:
  - 1. Date of transaction
  - 2. Vendor good or service was purchased from
  - 3. Item purchased (include enough detail to clarify the business purpose of the expense)
  - 4. Amount of purchase
  - 5. Account in the general ledger to be charged, including the grant or contract, when applicable
- H. For meal and entertainment charges, this additional information must be included:
  - 1. Persons in Attendance for the meal or entertainment event
  - 2. Topics Discussed (Relevant NASCSP business must be discussed in order for the meal or entertainment charge to be paid by NASCSP.)
  - 3. The original receipt itemizing purchases.
- I. Original charge slips and other relevant supporting documentation must be attached to the Credit Card Report.



- J. No personal items may be charged on the corporate credit card.
- K. All rules related to procurement and purchases delineated above must be followed for credit card purchases as well as regular cash disbursements. The credit card is a means of payment and all standards of purchasing are still applicable, without exception.
- L. The Operations Director will send a summary of the monthly transactions to the contracted controller as part of the monthly close out process to be entered into the general ledger. The credit card statement will be paid in full monthly as part of the regular payables process. The Executive Director shall indicate his/her approval to make payment by signing the monthly credit card statement.
- M. Failure to comply with any of these policies associated with the corporate credit card shall result in possible revocation of credit card privileges.

## **EQUIPMENT**

- A. Equipment is defined as all items with a unit cost of at least \$10,000 and a useful life of more than one year.
- B. NASCSP will maintain the fixed asset detail records.
- C. Depreciation will be computed by the contracted controller and entered into the general ledger at least annually.
- D. NASCSP staff will evaluate the adequacy of the related insurance coverage at least annually and adjust the coverage accordingly.
- E. The employee responsible for the equipment shall file a police report immediately upon noticing any theft. Any theft shall also be immediately reported to the NASCSP staff member who will begin filing an insurance claim for the lost or damaged equipment, where appropriate.
- F. All rules related to procurement and purchases apply to equipment purchases as well.
- G. Annually, NASCSP staff or the contracted controller shall conduct a physical inventory of the equipment. Any discrepancies between physical inventory and detail records shall be reported to the appropriate NASCSP staff member. All necessary adjustments to the general ledger shall be made.
- H. A record of all equipment owned by NASCSP, whether purchased with Federal funds or other resources shall be maintained. The record shall include the following information:
  - Date of acquisition

- Cost
- Description (including model and serial number, if relevant)
- Source of the funds to purchase the equipment (including Federal award number, if applicable)
- Whether the title vest with NASCSP or a funding source
- The Federal or other funding share, if any
- Locations of asset
- Condition of asset
- Depreciation method used
- Estimated useful life

I. For disposal of equipment:

1. If the fair market value is \$10,000 or less, NASCSP will dispose of the equipment in a prudent manner to maximize value received by NASCSP (if any)
2. If the fair market value is greater than \$10,000, NASCSP will gain a written understanding from the funding agency as regards disposition instructions and will accordingly:
  - Return the equipment to the funding agency
  - Transfer the equipment to an approved organization
  - Sell the equipment and remit the proceeds, less allowable selling costs, to the awarding agency.

## **INSURANCE**

- A. The designated NASCSP staff will determine appropriate coverage for property, liability, bonding, and other insurance. At a minimum, the Executive Director and the designated NASCSP staff will be bonded for an amount equal to the largest monthly bank balance from the preceding year.
- B. The designated NASCSP staff will maintain a file of insurance policies.
- C. Insurance policies will be reviewed by the Executive Director before renewal.
- D. NASCSP will maintain a Directors and Officers liability policy in force at all times.

## **PAYROLL**

- A. All employees shall comply with the personnel policies as defined in the Employee Handbook, which includes NASCSP Fraud policy. Upon hire, each employee shall be given a copy of the Employee Handbook to be reviewed with the new employee by the designated

NASCSP staff. All employees must sign and submit an acknowledgement form confirming receipt and agreeing to adhere to the Employee Handbook. It is the employee's responsibility to be aware of the policies and procedures included in the Employee Handbook.

- B. An employee's hire is not effective until the offer letter is signed and received and payroll related documentation is received.
- C. At a minimum, each employee's personnel file will contain the following:
  - 1. Job application form and/or resume.
  - 2. Job description
  - 3. Benefits enrollment or waiver forms
  - 4. Pay rate authorization(s)
  - 5. Performance Evaluation(s), if any
  - 6. Form W – 4 Employee Federal Withholding Certificate
- D. All employees must complete a Form I-9 Employment Eligibility Verification form. The operations director will complete the employer section of the form within three days of the hire date. Federal regulations state you must retain a Form I-9 for each person you hire for three years after the date of hire, or one year after the date employment ends, whichever is later.
- E. Time reporting - NASCSP follows the guidelines in the OMB Uniform Guidance as well as any additional requirements in specific grants. Therefore, salaries and wages charged to Federal grants will be supported as follows:
  - 1. Charges to grants will be based on documented payrolls approved by responsible officials of NASCSP.
  - 2. Each employee must prepare and submit an accurate and timely time sheet to their immediate supervisor using the NASCSP timekeeping system.
  - 3. The time sheet will indicate the various projects and/or contracts worked on during the current month. It is the employee's responsibility to ensure that the timesheet accurately reflects the time spent during the month.
  - 4. The timesheet will include all activity performed by the employee during the month. The total activity reported will never total more than 100% of activity for which the employee is compensated within the month.
  - 5. The timekeeping system tracks leave available to employees. It is the employee's responsibility to accurately record any and all time spent not at work but under one of the leave categories. The monthly accumulations of leave and leave taken shall be verified by the employee for accuracy on a monthly basis. Employees should notify the operations director and supervisor of any discrepancies in leave accruals.

6. The reports will reflect an after-the-fact determination of the actual activity of each employee and will be prepared on the same basis as the pay for the period. Budget estimates will not be used as support for charges to awards.
7. When an employee submits their timesheet in online software, a time stamp record is created. This serves as the employee signature and date requirement.
8. The time sheet shall then be forwarded to the employee's immediate supervisor. The supervisor shall approve the timesheet indicating the supervisor has verified the accuracy of the report. The approval of a timesheet in the online software generates a time stamp record to satisfy signature and date requirements. The Executive Director's time sheet does not require a signature other than the Executive Director's.
9. All time sheets will be reviewed by the appropriate NASCSP staff who will verify the clerical accuracy of the time sheet, the appropriateness of the leaves taken and the proper accrual of leave benefits. This verification procedure does not relieve the immediate supervisor of any responsibility related to ensuring and attesting to the accuracy of the timesheet. The reports must be approved by a responsible supervisor who has first-hand knowledge of the activities performed by the employee.
10. Time sheets must be filled in and signed by the employee. Others are not allowed to fill in the time sheet on behalf of the employee. Only the employee's original signature or electronic time stamp record is acceptable.
11. Incomplete or inaccurate time sheets will be returned to the supervisor and late time sheets may be held and paid with the next regularly scheduled pay period.
12. Employees shall prepare and supervisors shall approve timesheets in a timely manner.
13. Falsifying information on a timesheet is justification for disciplinary action up to and including termination of employment.

F. Payroll preparation:

1. Payroll will be prepared utilizing the services of a payroll service. The payroll service will prepare the payroll taxes and submit tax deposits. The payroll service will prepare the payroll checks and/or the direct deposits from the information provided.
2. The operations director submits the bi-monthly payroll and is responsible for retaining authorized documentation of any changes in payroll. The payroll service will generate a payroll register for each pay period for which any checks or direct deposits were prepared. The responsible NASCSP staff and the Executive Director shall sign the payroll register after reviewing the payroll produced and then file the payroll register.
3. The responsible NASCSP staff will ensure that payroll checks and/or direct deposit notices are distributed to each employee.
4. Any discrepancies noted by employees between expected compensation and actual pay shall be communicated to the responsible NASCSP staff within one week of receiving

pay. If the situation is not resolved at this level, the employee or former employee shall communicate in writing within 30 days of the pay date for final resolution.

5. Adjustments and modifications that may be necessary will be made on a subsequent payment. Adequate documentation must be maintained and filed for any payroll adjustment or correction. This documentation requires the signature of the Executive Director before payment is made.
6. At least semi-annually, the designated NASCSP staff will verify that the approved pay rate on file in the personnel file is appropriately being used for the semi-monthly payments.

G. There will be NO payroll advances.

H. Upon termination or separation from service, paychecks will be issued on the same schedule as detailed above, unless earlier payment is required by state law. Accrued vacation will be added to the last paycheck. Unused sick leave is not paid out upon termination or separation from service.

## **TRAVEL**

A. Travel must be discussed with the employee's immediate supervisor before the trip occurs. If an employee submits expenses for reimbursement for travel that has not been discussed prior to the trip, the expenses may or may not be reimbursed by NASCSP. Expenses paid for using a NASCSP Corporate credit card must be accompanied by receipts and recorded on the monthly credit card report.

B. Travel expenses will be reimbursed for approved travel that is directly related to business purposes. Expenses for personal travel, or the portion of the travel that was not business related, will not be reimbursed with NASCSP funds.

C. Allowable expenses:

1. Vehicle mileage

- a. Mileage reimbursement will be based on the current Internal Revenue Service (I.R.S.) income tax rate.
- b. In order for an employee to be reimbursed for mileage, documentation of a valid driver's license and adequate insurance coverage must be on file with the NASCSP office.

2. Taxicab, bus, train, subway, or car service will be reimbursed when the purpose of the trip is business related. The employee shall use the least costly method of transportation to arrive at the necessary location in a timely manner.

3. Hotel/Motel will be reimbursed for the number of nights required for the conduct of business. Additional nights of lodging will be considered a personal (not a company) expense when there is no business purpose for the lodging. Additional nights lodging will be reimbursed when the cost of the extra night(s) is less than or equal to the savings generated by lower airfares (for example, staying over a Saturday night to take advantage of special airfares).
4. Tips and gratuities up to \$5 per day are reimbursable as business expenses, if the Federal per diem rate is not used.
5. Airfare/train travel is reimbursable for business related travel. The lowest cost airfare available shall be utilized. Employees must check three or more airlines before making air travel reservations and select the lowest cost fare. Alternatively, an internet website that searches multiple airlines rates may be used to determine the lowest available airfare available.
  - a. An employee's participation in an airline miles or other reward program are not justification to select travel on that airline.
  - b. Miles earned from air travel are considered de minimis fringe benefits and will accrue to the employee, not NASCSP.
  - c. In the event of a pandemic or other global or national urgent situation, NASCSP may suspend work travel and/or the requirement to purchase the lowest cost airfare and may request staff purchase refundable airline tickets until further notice. Staff will be notified of any such actions and provided parameters for purchasing travel.
6. Registration fees for conferences and conventions are reimbursable.
7. Only reasonable and necessary travel costs for the conduct of NASCSP business are reimbursable. Specifically, the following costs are not reimbursable by NASCSP:
  - a. First class air travel, unless determined to be the least expensive option.
  - b. Memberships in airline flight/lounge clubs
  - c. In-flight movies/alcoholic refreshments
  - d. Cost of flight life insurance
  - e. Spouse/Partner travel
  - f. Early boarding or seat preferences fees, unless medically necessary or due to extenuating circumstances.

#### E. Expense Reimbursement Form

1. An expense reimbursement form shall be completed to be reimbursed for travel and other out-of-pocket expenses made by an employee on behalf NASCSP.
2. All expenses greater than or equal to \$25 must be accompanied by a receipt for reimbursement. It is the employee's responsibility to obtain documentation evidencing expenses.

3. The expense reimbursement form must be signed by the employee and his/her supervisor before it is submitted for payment.
  4. All expense reports must be submitted in a timely manner, but never later than 30 days after the conclusion of the travel.
- F. Travel advances may be requested by an employee when the out-of-pocket expenses would create a personal financial hardship. No more than one travel advance at a time shall be outstanding. The expense reimbursement form must be submitted within 30 days of the trip, even if no additional funds are requested, to verify actual expenses incurred.
- G. Any required foreign travel charged to Federal grants must be approved in writing by the funding source, prior to the travel.

### **MEALS**

- A. Meal expenses are generally not reimbursed during the course of a regular working day, while working at the employee's primary place of business.
- B. Meal expenses are reimbursed while the employee is staying overnight away from home on NASCSP business in accordance with the per diem rates established by the General Services Administration (GSA) for the location to which they travel. These rates can be found at [www.gsa.gov/perdiem](http://www.gsa.gov/perdiem). Accordingly, meal receipts are not required for reimbursement sought under this methodology.
1. The per diem amount for the first and last day of travel is at 75% of the full per diem.
  2. If a conference or business meeting includes a meal, the value of that portion of the per diem must be deducted when claiming the per diem.
- C. Meal expenses are reimbursed when the employee is conducting business on behalf of NASCSP. At least one non-NASCSP employee is required to be in attendance to qualify as a business meeting. These expenses must be reported on an Expense Reimbursement Form. In order to be reimbursed for such meal expenses, the date, time, persons in attendance and topic(s) discussed must be entered on the Expense Reimbursement Form.
- D. Meal expenses may also be paid for by NASCSP for employee training sessions, when the convenience of the employer is enhanced by NASCSP paying for the meal.

### **CONSULTANTS**

- A. Consideration will be made on in-house capabilities to accomplish services before contracting for them.
- B. The qualifications of the consultant and reasonableness of fees will be considered in

retaining consultants. Staff will conduct a SAM.gov search to ensure consultants are not excluded from federal work prior to engaging in work. Staff will retain results of that search.

- C. Written contracts clearly defining work to be performed will be agreed to before services are performed. All consultants must provide a Form W9 for Tax reporting purposes.
- D. Consultant services will be paid as work is performed.
- E. Requests for proposals will be widely disseminated and special efforts will be made to notify certified minority and women-owned consulting firms.

### **GRANTS AND CONTRACTS**

- A. Any potential grant or contract shall be brought to the attention of the Executive Director before the application process is started or an agreement is provided to conduct the service. The Executive Director and Board President will give due consideration to NASCSP's ability to deliver the service before agreeing to move ahead with application or approval process.
- B. Upon receipt of the grant or contract, the Executive Director shall provide notice to the Board of Directors, when appropriate.
- C. The Executive Director shall sign the grant or contract for service. In extenuating circumstances, the Board President may sign in lieu of the Executive Director.
- D. A copy of the grant or contract shall be forwarded to the responsible NASCSP staff for the official file. They will create a file that will retain all necessary information related to that grant or contract for the duration of the grant or contract. Any relevant information related to the grant or contract must be forwarded to the same NASCSP staff so that the official file contains all necessary information.
- E. Notification of receipt of a grant or contract shall be provided to the contracted controller at the earliest convenience, to allow modification of the accounting system to accept appropriate financial information.
- F. The responsible NASCSP staff shall ensure all invoices, statements and other compliance information required in the grant or contract are completed.
- G. Compliance with laws, regulations and provisions of Federal awards is a responsibility of NASCSP when it receives a grant or contract. NASCSP takes this responsibility very seriously and accordingly takes the following steps to ensure its compliance.
  - 1. The Executive Director or their designee will review the contract to determine all applicable laws, regulations and provisions of each grant received.



2. Said person will communicate to all necessary parties (internal and external) all key compliance requirements contained in the grant.
3. Persons involved with the administration of the grant will be familiar with the grant requirements and the OMB Uniform Guidance.

Any changes or updates to the grant requirements will also be communicated to those responsible for administering the grant.

H. NASCSP will only charge costs to Federal awards that are **reasonable, allowable, and allocable** to the related Federal award. Those responsible for administering a Federal award must be familiar with the specific requirements of the award and the general OMB Uniform Guidance. Only costs that are allowable in accordance with the specific grant award and the general requirements of the Uniform Guidance will be charged to the grant. All other costs will be identified as unallowable costs and charged to NASCSP – General Operations.

1. All costs must meet the criteria for allowable costs contained in the OMB Uniform Guidance to be charged to a Federal award. All of the following criteria must be met for each item of cost.
  - a. The item of cost be **necessary and reasonable** for the operation of NASCSP or the performance of the award.
  - b. The item of cost must conform to any limitation or exclusion set forth in the OMB Uniform Guidance or in the specific Federal award as to type or amount of cost.
  - c. The item of cost must be consistently treated with the established policies and procedures of NASCSP.
  - d. The item of cost must be accorded consistent treatment within the records of NASCSP. In other words, a cost assigned as a direct cost for one award must be assigned as a direct cost in all awards within NASCSP.
  - e. The item of cost must be determined in accordance with generally accepted accounting principles (GAAP).
  - f. The item of cost may not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award.
  - g. The item of cost must be adequately documented.
2. All charges to Federal awards must be **reasonable**. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
3. Charges to Federal awards must be **allocable** to such award. A cost is allocable to a particular Federal award if the cost charged is in accordance with the relative benefits received by that award.

4. Costs can be charged to a Federal award as a direct cost if it can be identified specifically with a cost objective of that Federal award. Generally, contract services, travel, supplies, and similar costs relate to a specific deliverable of a particular Federal award and accordingly should be charged to the benefiting award as a direct cost.
  5. Indirect costs are those that are incurred for a common or joint objective and cannot be easily identified with a particular grant or program. Examples of these costs are rent, utilities, accounting services, communications and other administrative tasks and functions. These costs are charged to indirect cost pools and allocated to grants and NASCSP – General in accordance with NASCSP’s cost allocation plan.
- I. At the conclusion of a Federal award, it will be closed out and all necessary reports filed with the funding agency within 90 days of conclusion of the funding period.

### **ACCOUNTS RECEIVABLE**

- A. Before grants or contracts are signed with funders or others to provide service, the Executive Director or designated NASCSP staff signing the contract shall evaluate the creditworthiness of the organization. Credit shall not be extended beyond the organization’s ability to pay.
- B. As work is performed or completed, the employee performing the work shall notify the appropriate NASCSP staff of the progress. Progress billings shall be submitted to the funder or other organization as work progresses and when allowed by the contract or grant.
- C. When invoices are prepared, a log shall be maintained by the NASCSP staff to track the submission of the invoice.
- D. The contracted controller shall record the accounts receivable in the general ledger in a timely manner, but no less than quarterly.
- E. The NASCSP staff and contracted controller shall review the listing of outstanding accounts receivable on a quarterly basis. Any reconciliation shall be made at this time.
- F. If payment is not received in 30 days of submission of the invoice, a second notice will be submitted.
- G. If payment is not received within 60 days from the date of the original invoice submittal, the organization shall be contacted by telephone.
- H. If payment is not received within 90 days, a final notice shall be submitted to the organization and Executive Director shall be notified. No further work may be conducted for the

organization in default until payment is received or the Executive Director specifically provides authorization.

- I. Annually, the accounts receivable outstanding will be analyzed and proposed write-offs will be suggested by the NASCSP staff and contracted controller. The Executive Director shall approve all write-offs of accounts receivable.

### **POLITICAL ACTIVITY**

- A. NASCSP prohibits the following political activities, whether through NASCSP staff, space, or resources:
  - 1. Contributions to political action committees
  - 2. Contributions to the campaigns of individual candidates for public office
  - 3. Contributions to political parties
  - 4. Expenditures to produce printed materials that support or oppose candidates for public office
  - 5. Expenditures for political advertisements
  - 6. Endorsement of any candidate for public office in any manner, either verbally or in writing
- B. NASCSP staff and other resources may be used to lobby for legislation that is beneficial to the members of the organization. This legislation may include regulations on standards of operations, practices required by members, funding levels of programs administered by members of NASCSP and other relevant legislation.
- C. No lobbying expenditures may be charged directly or indirectly to any Federal award. All lobbying related activities must be charged to NASCSP – General and funded from revenue sources other than Federal awards.

### **DEBT, LEASES AND OTHER OBLIGATIONS**

- A. All long-term obligations of NASCSP, other than vendor contracts, require the approval and signature of the Board of Directors. This includes the following:
  - 1. Mortgage agreements for the purchase of real estate
  - 2. Lines of credit agreements, in amounts greater than \$100,000
  - 3. Letters of credit that total more than \$100,000
  - 4. Leases of office space for more than one year in length
  - 5. Other debt instruments that obligate or bind NASCSP for more than one year
- B. Operating leases do not require the approval or signature of the Board. An example of such an agreement would be copier leases.

- C. All long-term debt, capital leases, office space leases, lines of credit, letters of credit and other financial obligations shall be fully disclosed in the financial statements of NASCSP. A listing of such obligations should also be available for Board inspection, upon request.
- D. All obligations beyond one year shall have a related amortization schedule. This schedule shall show the annual payments required, and the principal and interest portion of each payment for the complete life of the agreement.
- E. Before signing or submitting to the Board for approval long-term agreements/obligations, NASCSP staff shall have a revenue stream or funding proposal identified, so that the obligation does not jeopardize the financial stability of the organization.