



TWO RIVERS-OTTAUQUECHEE

William B. Emmons, III, Chairman
Peter G. Gregory, AICP, Executive Director

REGIONAL COMMISSION

TRORC ACCOUNTING PROCEDURES MANUAL

October 8, 2014

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DECLARATION

The following procedures have been reviewed and approved by the Two Rivers-Ottauquechee Regional Commission. The Executive Director agrees that the following procedures are necessary to insure proper functioning of the organization. The following procedures will be reviewed no less than every two years, and updated as necessary to ensure procedures continue to meet organizational needs.

Signature: Peter G. Gregory Date: 10/8/14
TRORC Executive Director

Signature: William B. Emmons Date: 10/8/14
TRORC Board Chairperson

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

FINANCIAL OFFICE PROCEDURES

The Finance Manager manages all financial procedures with oversight by the Executive Director. These procedures include Accounts Receivable, Accounts Payable, Payroll and reconciliation of the General Ledger and bank accounts.

All bank transactions are handled by the Finance Manager or Executive Director, including deposits and transfers. The Executive Director or the Two Rivers-Ottawquechee Regional Commission (TRORC) Treasurer reviews and approves all bank reconciliations each month. Journal entries are presented to the Executive Director as required for review and written approval, then filed.

FINANCIAL STATEMENTS

The Finance Manager will prepare the following financial statements each month:

- Income Statement/Profit & Loss
- Balance Sheet
- Cash reconciliation
- Accounts Receivable and Accounts Payable

All month end accounting entries should be completed, and all financial statements for month end should be prepared in time for the regular Executive Committee meeting each month.

The Finance Manager will also prepare and keep an accumulated Profit & Loss statement against budget for the entirety of the fiscal year. Other comparison data may be added to the accumulated Profit & Loss, such as mid-year budget estimates, as needed. Other financial statements or financial information will be provided and/or presented to the full Commission Board of Directors and/or the Executive Committee upon request.

The Finance Manager may periodically prepare other internal financial reports such as Trial Balances or Statements of Cash Flows as needed to ensure effective and transparent financial management.

ACCOUNTS

Checking Accounts- Checks require a signature by either the Executive Director, Board Chair, or Board Treasurer. A signature card is on file at the banking institution. The Executive Director reviews and approves all executed transactions against all checking account(s), i.e. vendor payments. The Executive Director reviews the monthly check registers.

Investments- The signatories on the accounts are the Executive Director and Board Chairperson. Funds kept in a money market, certificates of deposit or other investment vehicles include short and long term reserves, and allocated funds (mostly interest).

DEPOSITS

Unless otherwise instructed, all deposits will be made to the appropriate checking account. The process used for deposits is as follows:

- When a check is received, the Finance Manager restrictively endorses the check for deposit only.
- The Finance Manager records the check in the accounting program and prepares the deposit, including the retention of check payment stub or photocopy if no stub is available and the accounting program generated deposit summary.
- The Executive Director makes the deposit.
- The Finance Manager attaches the bank deposit receipt to the check payment stubs and/or check photocopies and the deposit summary. The documentation is placed in the Accounts Receivable Payments folder.
- Each month the Finance Manager prints the monthly register from the accounting program for the Executive Director. The Executive Director checks the register against the bank deposits for approval.
- Until checks can be deposited at the bank, they are restrictively endorsed and are to be stored in a secure, locked location.

DRAWING FUNDS

When Federal or State contracts require electronic processing of payments, the following procedures will apply:

- The Executive Director and Finance Manager will apply for and enable the online access of funds through the federal Automated Standard Application for Payment (ASAP) or similar system.
- Only the Executive Director and Finance Manager will have access to the ASAP or similar system.
- The Finance Manager will prepare invoices and/or accounting reports according to federal contractual requirements. Copies of invoices and accounting reports will be maintained digitally and hard copies kept in contract binders.
- The Project Manager and Executive Director, will review, approve, initial and date the invoice or accounting report.
- The Executive Director will approve and sign any online requisitions of funds.

- The Finance Manager will then initiate a Payment Request for the appropriate account on the ASAP or State website.
- The Finance Manager will print the Payment Request and file it in the contract binder, and will prepare a corresponding accounting program invoice.
- Once notification of payment approval has been received, the Executive Director will withdraw the funds from any appropriate federal contract checking account and/or deposit the funds in the TRORC checking account.
- The Finance Manager will file the contract account deposit slips, will receive the funds in the accounting program and attach the deposit summary and deposit slip to the invoice for filing in the Accounts Receivable Payments folder.
- Drawdown frequency will be conducted as required by the contract, or as necessary for the organization.

PAYABLES

All bills are reviewed as received by the Executive Director. Vendor invoices which are for a particular project, including project consultant invoices, are reviewed by the Project Manager and the Executive Director to ensure they are reasonable, allocable, allowable and within the contractual cost estimates. Once the vendor invoices are approved, initialed and dated, they are passed to the Finance Manager.

Payables are prepared as necessary:

- Invoices are noted to ensure billing to the correct accounts. The Executive Director and, when applicable the Project Manager, review, initial and date invoices for the dates the services were performed, compare requested payment amounts to cost estimates, and note proper account assignment.
- The Executive Director approves, initials, and dates all invoices to be paid.
- The Executive Director will approve and sign any online payments.
- Vendor invoices are entered into the accounting program by the Finance Manager.
- Vendor invoices are paid by the Finance Manager within the accounting program, and checks are generated by the accounting program.
- Checks are signed by the Executive Director.
- The Finance Manager mails checks.
- The Finance Manager files the check stubs with copies of the invoice in the vendor files. If applicable, copies will also be placed in the appropriate contract file.
- The Executive Committee will conduct a random sample of invoices on a quarterly basis.

INVOICES

For invoices completed by the Finance Manager the following procedures apply:

- Invoices are recorded in the accounting program with the proper date and amount.
- All supporting documentation for staff charges (time sheets), direct or other pass-through charges are gathered, copied, and attached to the invoice by the Finance Manager.
- A physical copy of the invoice is presented to the Executive Director for review, approval, and signature when appropriate, before an invoice is sent.
- The Finance Manager retains a copy of the invoice both electronically in the appropriate contract folder and in hard copy in the appropriate physical contract binder.
- The Finance Manager or appropriate staff person sends the invoice in the desired format.

RECEIVABLES AND BAD DEBT

- Accounts receivable reports are run monthly as part of the financial reporting.
- After 30 days, if an invoice has not been paid, a reminder invoice will be sent to the customer.
- After 60 days, if the invoice has not been paid, a phone call, email, and reminder invoice is made to the customer.
- If, after 60 days, the debt is unable to be collected, it will be considered bad debt, and designated in our balance sheet and financials as such.
- The annual budget includes a line-item for bad debt.

EXPENSES

For staff expenses, the following procedures apply:

- Expense form and supporting receipts are prepared by the employee and presented to the Executive Director for review, approval and dated signature.
- Travel claims must be reasonable, allowable and directly related to a specific project or administrative function.
- Air travel, out of town accommodations, car rentals, association dues, training, outsourced services and equipment purchases, require pre-approval of the Executive Director.
- Mileage reimbursement and per diem rates will be set at the currently approved federal standard from the Internal Revenue Service or Office of Management and Budget, respectively.
- Expense checks are prepared in the accounting program, assigned to the appropriate project numbers and classes.

- All supporting documentation for expenses are gathered, copied, and attached to any applicable invoice by the Finance Manager.
- The Finance Manager retains the original hard copy of the expense form and receipts in the employee's expense folder and a copy is also kept in any appropriate contract binder.
- Expense checks are signed by the Executive Director and distributed to the employee.
- Expenses incurred by the Executive Director will be approved and signed by either the Board Chairman or Treasurer before a reimbursement check is issued.

SCHEDULED PROCESSING

The following information is collected on a scheduled basis in order to complete month-end processing, invoices and reporting:

- Timesheets are completed weekly by all employees. Each employee signs their timesheet, which is then approved and initialed by the Executive Director. Timesheet information is recorded by the timesheet software, and physical copies are kept in each employee's file.
- Monthly expense reports, approved by the Executive Director, are collected from employees (see above).
- All bank statements are reconciled monthly in the accounting program and filed by the Finance Manager.
- A Profit & Loss Statement against annual budget is prepared by the Finance Manager monthly, approved by the Executive Director, and presented to the Executive Committee.
- The Finance Manager keeps a monthly calendar of internal and contractual financial and program report due dates.
- Contractual financial reports, which may be monthly, quarterly, annually or as required, are prepared by the Finance Manager and reviewed, approved and signed by the Project Manager and Executive Director.
- Approved contractual financial reports are then submitted monthly, quarterly, annually or as required by the Finance Manager to the receiving party in the desired format.

PAYROLL PROCESSING

Employees are paid bi-weekly:

- Staff enters their daily time into their timesheets.
- Weekly timesheets are prepared and signed by staff and approved and signed by the Executive Director.
- The Finance Manager initiates pay check payments in the accounting program. Paycheck

detail information is also entered manually into the master ledger file, and filed.

- The Finance Manager reviews the accounting program payroll summary information and initiates online payroll processing.
- The Executive Director approves and signs the accounting program payroll services report before payroll is sent for processing.
- The Finance Manager files the signed the accounting program payroll services report.
- The Finance Manager prints the pay checks and stubs (for those employees receiving direct deposit). The Executive Director signs pay checks.
- The Finance Manager stores the paychecks and pay stubs in a secure, locked location until the date of paycheck distribution. Paychecks and stubs are distributed to employees by either the Finance Manager or the Executive Director.
- The Finance Manager prints and files the accounting program payroll summary report each pay period.
- Payroll tax documents including federal 941's and quarterly reports to the State, as well as retirement contributions are prepared and sent along with payment by the Finance Manager.
- Quarterly Federal and State payroll tax reports are filed.
- At the end of each calendar year, payroll tax documents that may include W2's, W3's, 1099's and 1096's are prepared and submitted to the IRS and the State by the Finance Manager.
- The Finance Manager distributes employee tax documents within time periods defined by law. Copies of W2's, the W3, the 1099's, and the 1096 are retained in the files for the appropriate year.

In the event of a new hire:

- Vermont Department of Labor New Hire Reporting is completed.
- The federal I-9 form is completed.
- The employee is checked on the Excluded Parties List Service at www.sam.gov.
- Offer letter is referenced for position title, salary or hourly rate and start date. W4 is completed and referenced for tax withholding and general employee information. When applicable, employee completes benefit enrollment forms, payroll reduction agreements are signed, which are referenced for voluntary payroll deductions. Relevant employee information is entered into the accounting program and is updated as needed.

In the event of a termination, the payroll information is updated accordingly in the accounting program as well as the terminated employee's personnel file.

INTERNAL CONTROL POLICIES

The Executive Director has the sole authority to sign checks and orders for payment and all contracts for the organization. The Executive Director, in conjunction with the Finance Manager, is responsible for maintaining a system of financial, accounting and administrative controls which are designed to provide the Executive Committee, Commissioners, and members with assurances that the organization's assets are safeguarded from unauthorized use or disposition.

Security of Financial Data

- The accounting program automated accounting system used by the Finance Manager shall have sufficient built-in general controls and application controls to preclude unauthorized access to data. Access to any computer based financial data will be granted on a need-to-know basis and access will be restricted by passwords and changed periodically. The software is password protected.
- Any paper documents are held in a locked file cabinet, with authorized access only for the Finance Manager, Executive Director or Treasurer.
- Digital files are saved on password-protected computers and backed-up every other week using a secure, offsite third party provider.

Contract and Grant Application Approval

- All contracts and grant applications will be reviewed and approved by the Executive Director. Program Managers may also be involved in the contract approval process and grant application procedures, while the Executive Director issues the final approval and signature.

Invoices and Payments

- It is the policy of the organization that any expenditure to be considered irregular, such as purchasing of new computer hardware or software, out of town travel, professional association dues, training and outsourced services, shall be pre-approved by the Executive Director. All check disbursements and payments will require invoices or expense vouchers approved by the Executive Director. All check and payment request must have the appropriate supporting documentation. All applicable requests must be coded to the proper program account.

Control over Checks and Cash

- It is the policy of the organization that all incoming mail will be imprinted with a date received stamp by the Finance Manager. Checks received are to be restrictively endorsed and cash and checks will be deposited promptly.

Equipment/Asset Inventory

- When equipment for the organization is purchased, it shall be entered into the Asset Inventory digital file.
- Copies of equipment receipts will be kept in the hard copy Asset Inventory binder, along with annual reports of the Asset Inventory list.
- When equipment is discarded, it shall be removed from the current Asset Inventory list.
- It is the policy of the organization, that assets costing in excess of \$5,000 individually will be capitalized and depreciated in accordance with the accounting rules related to depreciation. Repairs and improvements to real property and leasehold improvements will be capitalized if they cost in excess of \$5,000 individually.
- The Asset Inventory list will be included in the annual financial audit.
- Procedures for the purchase of equipment on behalf of a state and/or federal agency is described the TRORC Procurement Procedures.

RECORD RETENTION POLICIES

PERMANENT ARCHIVE

The following documents will be retained permanently. They will be archived upon reaching obsolescence, expiration, supersession, completion or closure:

- Accountants' audit reports
- Bills of sale
- Charts of accounts
- Contracts and leases
- Legal correspondence
- Year-end financial statements
- Insurance records
- Minutes and bylaws
- Tax records
- Act 250/Section 248a files

7 YEAR RETENTION

The following documents will be retained for 7 years following obsolescence, expiration, supersession, completion or closure. After which time they will be destroyed (general, unless noted as "Shred"), unless otherwise noted.

- Accounts payable and receivable ledgers/schedules
- Cancelled checks
- Expired contracts and leases
- Expense analysis
- Payroll records and related documents
- Time recording documents
- Vouchers for payments to vendors, employees and related parties

5 YEAR RETENTION

The following documents will be retained for 5 years following obsolescence, expiration, supersession, completion or closure. After which time they will be destroyed (general, unless noted as "Shred"), unless otherwise noted.

- Internal audit reports

3 YEAR RETENTION

The following documents will be retained for 3 years following obsolescence, expiration, supersession, completion or closure. After which time they will be destroyed (general, unless noted as “Shred”), unless otherwise noted.

- Correspondence (substantive administrative value, policy development related) – archived
- Employment applications
- Expired insurance policies
- Miscellaneous internal reports
- Policies and procedures – archived
- Grant agreements
- Bank reconciliations – archive
- Bank deposit tickets – archive
- Purchase orders
- Legal notices
- Agendas and calendars – archive

LIMITED RETENTION

The following documents, following obsolescence, expiration, supersession, completion or closure, will be destroyed (general, unless noted as “Shred”), unless otherwise noted.

- Correspondence (day to day office administration, general internal)
- Drafts
- Reference sources

