Contents

Policy Statement

Worksystems operates within established financial policies that are designed to ensure organizational financial integrity and fiduciary due diligence relative to the public funds under its oversight.

Purpose

These policies have been designed as a reference for the staff and Board of Directors (Board) of Worksystems and are reviewed and updated as necessary.

Insurance

Worksystems maintains insurance coverage for General Liability, Property, Umbrella, Directors and Officers, Hired and Non-Owned Auto, Employee Dishonesty, Professional Liability and Workers Compensation claims.

Financial Staff

The fiscal staffing structure, along with these policies, segregates certain financial duties to best maintain the integrity of Worksystems' financial management system and to safeguard Worksystems' finances. Staff positions referenced in this policy may change from time to time at the discretion of the Executive Director or Chief Financial Officer (CFO)/Director of Finance. In cases of illness or other extenuating circumstances, alternative staff designated by the Executive Director or CFO/Director of Finance may temporarily fulfill the duties associated with staff positions referenced herein. Every effort is made to segregate duties according to this policy; see Separation of Duties.

For any approval activity noted throughout this document, either the Chief Operating Officer or Executive Director may substitute for any staff as the approver, unless they are the initiator of the activity or are otherwise restricted by signing authority.

Financial Management Policies

GAAP

Except where noted, Worksystems follows Generally Accepted Accounting Principles for nonprofit organizations.

Accrual Accounting

Worksystems utilizes the accrual basis of accounting, recording revenues in the period in which they are earned and expenses in the period in which they are incurred, regardless of when cash is received or disbursed. Grant or contract revenue is restricted when required by the grant/contract agreement terms and conditions.

Equipment, Furnishings, Real Property – Capitalized Assets

Consistent with Federal OMB guidelines, Worksystems records all individual assets with a useful life of greater than one year and/or acquisition cost of $5,000 or more as a capital asset. Other assets, including equipment, furniture and technology equipment with a useful life of less than one year and/or individual cost of less than $5000 are recorded as an expense item. Worksystems may track assets acquired for less than $5,000 for internal control purposes. Any capital asset that has been fully expensed as authorized by the funding agency may be recorded only in the supplemental inventory records maintained by Worksystems. Depreciation expense and an allowance for depreciation are recorded for all capital assets, using straight line method over the useful life of the assets.

For equipment purchases of $5,000 or more made using funds from a federal grant award, prior written approval will be secured for the purchase from the presiding Grant Officer. Likewise, if assets purchased with federal funds are to be donated, transferred, or disposed of, prior written approval will be secured from the Grant Officer.

Sales procedures shall be followed that provide for competition to the extent practicable and for the highest possible return. Any net proceeds from the sale of assets purchased with federal grant funds will either be used as an offset to the cost of replacement property or returned to the awarding federal agency in accordance with 29 CFR Part 97.32, or successor CFR should this requirement be amended.

A physical inventory of all assets is conducted on an annual basis to confirm the location, existence and condition of the item. Further, a physical inventory of all assets purchased with grant funds will be reported annually by grant.

Asset dispositions or donations require the prior written approval of the Chief Operating Officer, and the approval form must be submitted to the CFO/Director of Finance for processing and record-keeping.

Property and equipment records will be maintained that include a description of the property, a serial number or other identification number, the source of the property (vendor), who holds title, acquisition date, cost of acquisition, percentage of Federal participation in the cost of the property (if applicable), location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price.

Should individual grant agreements entered into by Worksystems contain different or more stringent equipment management requirements, Worksystems will comply with those requirements.

Donated Materials, Equipment and Services

- **In-Kind Contributions:** In-kind contributions are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the organization's activities.

  As applicable, Worksystems records in-kind gifts of equipment as "in kind" contributions, in a revenue account, and as "equipment," in an asset account. Donated equipment is recorded at the fair market value on the date of donation, which is the value price at which a willing buyer would sell the item to a willing seller. In accordance with FASB 116 donated material that does not meet the definition of "equipment" is not recorded.

Volunteer time of professionals in their professional capacity is recorded as "in-kind revenue" and "in-kind expense." In accordance with FASB 116 other volunteer time is not recorded. Worksystems does not record "in-kind revenue" or "in-kind expense" for time volunteered by board members.

There is no net effect on net assets of recording "in-kind labor expense" and it's associated "in-kind contribution income." However, the recording of in-kind contribution income for the value of donated equipment does result in an increase in net income, because the value of the donated equipment is recorded as an asset.

- **Contributed Services:** Contributions of services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

Allowable Costs

All costs incurred by Worksystems and its employees that are to be applied to any Federal or State of Oregon funding sources must be reasonable, necessary, allowable, and allocable as defined by the Office of Management and Budget (OMB) current requirements.

A cost is reasonable if, in its nature or 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. In determining the reasonableness of a given cost, consideration is given to whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.

A cost is allocable to a particular grant, fund, contract, project, service, or other activity ("cost objective") in accordance with the relative benefits received. A cost is allocable to a Federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances, and if any of the following apply:

- Is incurred specifically for the award
- Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received
- Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown

Any cost allocable to a particular cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies or to avoid restrictions imposed by law or by the terms of the award.

Cost Allocation

Worksystems' cost allocation formulas are used to fairly allocate shared costs among the various funds of the organization (programs, administration, technology support, etc.). Allocation methods are applied consistently to all funds based upon actual expenses incurred. Only those costs collected and applied through 111 Worksystems General Organizational Support and 114 Worksystems Administrative Services are specifically included as elements of the Worksystems Indirect Cost Allocation Plan. All other internal service funds are applied through direct allocation methodologies that effectively link such costs to actual activities as recorded within Worksystems' financial record systems.

All costs recorded in Worksystems Internal Service funds are allocated to external funding sources using actual incurred costs. All such costs comply with definitions established within OMB current requirements, including review that such costs are reasonable, allowable, necessary and allocable. Any and all costs that do not meet the definitions of allowable costs as defined within Allowable Costs are expensed directly to Worksystems Unrestricted General Fund. Allocation methodologies are reviewed annually by the CFO/Director of Finance for enhancement to best reflect programmatic and administrative activities and changes.

- **Employee Leave Accrual and Usage:** The annual leave accrual is estimated based on individual staff salaries and FTE at the beginning of the fiscal year. Leave is accrued and allocated by fund based on actual FTE per pay period and the disbursement of such costs as leave is used or otherwise disbursed. Total accumulated employee leave liability is reconciled by the designated senior accountant at least quarterly.

- **004 Worksystems Employee Fringe Benefits Clearing Fund (effective July 1, 2006):** Provides for the accumulation of all employee benefit liability and the disbursement of such costs as actual benefits are paid or otherwise disbursed.

- **111 Worksystems General Organizational Support:** All costs associated with the general support of the organization. These include the executive components such as Worksystems Executive Director's office, Board activities, Communications and Organizational Affairs (Account 91111). Consistent with GAAP and OMB definitions these services must be reasonable and necessary to support all Worksystems' sources of funding. This principle is applied consistently and universally. Allocations of actual expenses are based on all actual expenses incurred by all funding sources. Application Basis = All non-Internal Services Fund actual expenses.

- **112 MIS Client Tracking (Account 91112):** All costs associated with the development, enhancement, maintenance, hosting and technical support of the I-Trac Participant Tracking Systems. Costs are calculated at the Fund Source level. The calculation is based on a weighted formula that multiplies the number of participants, the number of data controls used to track participants and the number of staff users of I-Trac for the given fund source. The actual monthly costs are then divided up accordingly amongst the funds open in I-Trac for that month.

- **114 Worksystems Administrative Services (WIOA):** All costs associated with Fiscal, Legal, Procurement, and Human Resources Services (Account 91114). This is consistent with the WIOA administrative definition. Allocations are based on all actual expenses incurred by all external funding sources. Application Basis = All Non-Internal Services Fund actual expenses.

- **115 WIOA Adult/DW Formula Allocation:** All costs recorded to this fund are of general benefit to the WIOA Adult (Fund 200) and Dislocated Worker Programs (Fund 210). Accumulated costs are allocated on a monthly basis to the two WIOA 1B Formula Adult/DW Funds based the number of eligible and enrolled participants in those funds (Account 91113). Application Basis = Enrolled Participants in WIOA Formula Adult/DW Funds only (200/210).

- **120 Central Office Support:** The Worksystems central office includes all office and related support costs for the Worksystems office facility. These costs include central reception, office rental, office repair, maintenance, copier rentals, telephone service, postage, and validated parking. All employees (FTE) with workstations are allocated their proportionate share of actual costs in support of the facility. All funding sources must pay their full and consistent share. They are applied within the WIOA Formula “program” definitions (Account 91120). This is the only allocation that is applied to the service level of the incurring expense account string. Application Basis = Distributed FTE for the Month.

- **122 Worksystems Technology Support:** Represents the collective costs of providing and supporting the overall technology infrastructure for Worksystems and all Worksystems employees. The actual costs incurred by Worksystems are allocated (Account 91122) based upon all actual Worksystems FTE. Application Basis = Distributed FTE for the Month.

General Ledger

Worksystems maintains a complete double-entry general ledger reflecting the complete chart of accounts and segregating costs by function and by funding source reporting requirements

Chart of Accounts

The general ledger chart of accounts allows for the detailed tracking of expenditures by funding source. Project codes are used to track the use of more than one funding source, including leveraged funds, for one or more common activities.

Budget

The Board adopts a comprehensive, agency-wide budget for each financial year. The budget reflects all anticipated revenues and expenditures from all sources. Board adoption of the budget constitutes authorization for staff to incur budgeted expenses. Budgets are monitored to assure that funding is within grant required levels.

Leveraged Resources and Reporting

Worksystems participates in and receives numerous federally-funded grants that require quarterly financial data reporting to the funder. The term leverage refers to additional non-grant resources expended to further the grant objectives. Leveraged resources may not be required in the grant; however leveraged resources will be reported to the grantor on the quarterly financial reports. All expenditures and costs incurred which are reported as leverage resources will be subject to the same documentation requirements as those paid for with grant funds.

- Leverage resources must be spent on costs for grant activities that could be paid for with the Federal grant dollars. They must be in accordance with cost principles and comply with any grant program restrictions.

- Unrecovered indirect costs can be used as leveraged resources.

Audit

Worksystems procures for a CPA firm to conduct an independent organization-wide annual audit of Worksystems prepared financial statements and reports. The audit is in full compliance with the requirements of OMB Circular A-133. The results of the annual audit are presented to the Board and/or Finance Committee.

Audit and Monitoring Resolution

Worksystems will provide written response to all Audit and funder monitoring findings within the timeframes required of the report. Unit managers have responsibility for drafting responses to findings in their organizational area of responsibility. All audit and monitoring response are reviewed by the Compliance Manager and are signed by the Executive Director or his/her designee. Annual audit reports are housed in the Fiscal Department audit file; grant monitoring reports and subsequent responses are maintained in the agency grant file maintained in the Fiscal Department.

Interest Bearing Accounts

Worksystems places funds in interest bearing accounts whenever practical and regulated by funding source agreements.

Bonding

Worksystems maintains an Employee Dishonesty Bond insurance policy.

Line of Credit/Borrowing

If it is determined necessary to the operation of the organization, the Board may approve securing credit. Interest payments and fees for such credit may only be paid from the organization's unrestricted funds.

Cash Disbursements

Purchases

Authorization is required for all purchases as outlined in Worksystems Expense Disbursement standard operating procedures and the Procurement policy. Routine expenditures are authorized through Board approval of the annual budget.

Processing Invoices

Invoices received from outside vendors are opened and date stamped by the Administrative Assistant or Office Manager before being routed to the accountant/senior accounting specialist who assembles invoices/bills and either prepares a check request or sends to appropriate fund managers for preparation of a check request. Fund manager is responsible for coding direction and signature approval.

Source documents and check requests are further reviewed by the CFO/Director of Finance, or appropriate staff as designated in the Signature Authority schedule, and signed off with Executive and/or Fiscal approval. The accountant/senior accounting specialist enters check and reimbursement requests into the A/P Blackbaud/Financial Edge software, prints a pre-post Batch Validation report and posts to the general ledger.

Check Preparation

Worksystems does not have a petty cash account or utilize manual checks. Once a week the accountant/senior accounting specialist submits a pre-check report with invoices and submits to the CFO/Director of Finance for review and approval. The CFO/Director of Finance signs out pre-numbered check stock to the accountant/senior accounting specialist to process the checks. The checks are generated and the computer software prints one of the two required signatures. After the accountant/senior accounting specialist prints the checks, the original checks, check requests with attached source documents, and a cash disbursements journal are routed to the Chief Operating Officer (or designee) for review. During this review the second signature is made on the check and the cash disbursement journal is signed.

Pre-numbered, one-sheet laser checks are kept in a locked cabinet. The CFO/Director of Finance and the senior accounting specialist are the only employees who have access to the check stock. Voided checks are marked VOID, defaced by removing the check signature box, voided in the accounting software and kept on file.

Check Signatures

Authorized check signers are outlined in the current Board adopted Worksystems Signature Authority.

Distribution of Checks

All documentation is returned to the accountant/senior accounting specialist. Check stubs are attached to the source documentation, source documentation is stamped PAID and kept for Worksystems records. Checks are distributed by mail, may be held for pick up at request of vendor or released to staff if it is a direct expense reimbursement.

Filing Paid Invoices

Invoice, check request and check stub are stapled together and filed by vendor chronologically, with the most recent invoice placed at the front of the file. Reimbursements to employees are filed in the vendor files, treating employees as vendors. There is a separate set of vendor files for each fiscal year.

Receipt and Deposits of Cash and Checks

Funds Received at the Office

Cash and checks are either received through the mail or personally delivered to Worksystems. The majority of Federal, State and local revenue is received in the form of direct deposits via electronic drawdown systems. The CFO/Director of Finance designates an employee (see Separation of Duties) other than the senior accounting specialist to sort mail and log all checks received prior to giving them to the senior accounting specialist. Any checks/cash received in the office are routed through this employee to be logged into the daily cash receipts log. The log indicates the payer, date received, check number, check date, check amount and contract or informational description so the receipt may be applied correctly. In the case of cash receipts, or if a receipt is otherwise requested, an original pre-numbered receipt is given to the payer and a copy is maintained in the receipt book.

Cash and Checks Received Outside the Office

Occasionally employees are given cash and checks at meetings or events held outside the office. Any checks and cash received outside the office are brought back to the office and given to the designated employee, who logs them into the cash receipts log. The cash and/or checks are routed to the senior accounting specialist for processing.

Maintaining the Cash Receipts Log/Accounts Receivable

Prior to taking possession of the receivables, the senior accounting specialist verifies that the cash and check information match the receipt log and initials the log. The designated employee keeps a copy of the receipt log (original goes to the senior accounting specialist) and at the end of the month the receptionist submits the daily receipt logs to the senior accounting specialist for reconciliation. Accounts receivable invoices are entered into Blackbaud/Financial Edge by the senior accounting specialist. Blackbaud generates a Batch Validation Report. This validation report and back-up documentation are given to the CFO/Director of Finance for review and signature approval. The senior accounting specialist then posts the batch to the general ledger. Fiscal maintains the approved Batch Validation Reports with supporting back-up documentation attached.

Bank Deposits

The senior accounting specialist prepares all bank deposits. Carbonless copies of the bank deposit and deposit receipt are attached to the appropriate Batch Validation Report. Deposits are made within three days of receipt unless it is over $5,000 in which case it is deposited within one business day. The senior accounting specialist reviews Worksystems' general bank account to confirm the correct deposit amount has been posted.

Bank statements are mailed directly to Worksystems and received by the Administrative Assistant or Office Manager. The envelope is date-stamped and the unopened bank statements are given directly to the CFO/Director of Finance, who reviews the statement, initials the review and gives it to the designated staff for reconciliation.

Fraud

Refer to Worksystems' most current Personnel Policy Manual for the Fraud/Whistleblower Policy and related procedures.

Grant Revenue

Revenue is recognized when earned and approved by the CFO/Director of Finance (or designee) and is recorded in the fiscal year in which it was earned.

Direct Federal Funds

All direct federal grants are requested through online downloads that are electronically deposited into the appropriate bank account by the granting agency. Federal grant draw-downs are processed by the senior accountant and approved by the CFO/Director of Finance (or designee).

State of Oregon

Weekly as indicated by the State drawdown submission calendar, WIOA draws are processed by one of the senior accountants and following the appropriate approval procedure submitted to the State of Oregon. These funds are then automatically deposited into the general bank account usually on the following Friday, but no more than ten days from the date of original request.

The senior accountant, in the role of preparer, logs into the State of Oregon's Payment Request webpage and requests payment by the appropriate PY/FY allocation. The preparer directs the electronic request to the approver, which may be the CFO/Director of Finance or Chief Operating Officer. The payment system does not allow the preparer and approver to be the same individual in the same week. The preparer creates and signs a paper draw document that is signed by both the preparer and the approver before the funds are electronically approved which notifies the State of the draw request. The paper draw document is reviewed and signed by the CFO/Director of Finance and returned to the senior accountant who submits copies via US Postal Service to the State of Oregon.

The original approved invoice is submitted to the senior accounting specialist who enters draw information into Blackbaud/Financial Edge program and prepares a pre-post Batch Validation Report to be reviewed and signed by the CFO/Director of Finance before posting to the general ledger. Deposits are posted when they are transmitted and the cash is posted when received in the bank. The senior accounting specialist reviews draw deposits each week and confirms the correct draw amount has been deposited into Worksystems' general bank account. An approved Batch Validation Report with appropriate back-up documentation is maintained in the Fiscal department and the original draw invoice is filed in the grant file.

Other Funds

To receive Other Grant Revenue that is not part of a drawdown system, the designated senior accountant prepares an invoice requesting the appropriate fund amount. The invoice and appropriate documentation are processed in the normal manner. The CFO/Director of Finance reviews and approves all outgoing Invoices and validates Blackbaud/Financial Edge pre-post validations prior to posting to the general ledger.

Grant/Contract Notification

The senior accountants are responsible for providing immediate notification of all grant awards and contract agreements, verbal or written, to the CFO/Director of Finance. Original grant and contract files are maintained by the Fiscal Department.

Grant Approval, Contracts and Billings

Grant and Contract Approval

Approval of all grants and contracts is governed by the Worksystems Signature Authority.

Contract Payments

Contracting organizations are instructed to submit financial reports and invoices to designated Worksystems staff who are responsible for making sure that the subrecipient/contractor fulfills all financial contractual obligations. Subrecipients/contractors are required to submit their official invoice, and both a signed and electronic Monthly Program and Financial Monitoring Report. If the total amounts claimed on the documents agree, do not exceed payment terms and conditions, and appear reasonable, allowable and allocable under the terms of the funding source, the documents are approved and forwarded to the senior accounting specialist for processing.

The senior accounting specialist posts the invoice to Blackbaud/Financial Edge and forwards the documents to the appropriate senior project manager/supervisor for review and signature. All documents are directed to the CFO/Director of Finance (or designee) who reviews for reasonableness, allowability per the applicable OMB current requirements, appropriate fiscal and program review, and availability of funds before signing fiscal approval. Payments may be withheld from organizations that are not fulfilling contractual obligations or cannot demonstrate sound management of Worksystems funds.

Billings and Grant Reporting to Funders

Financial Reporting and Billings

The senior accountants prepare billings and financial reports to funding sources directly from the general ledger. The CFO/Director of Finance reviews all billings and reports. The CFO/Director of Finance designates a primary grant/contract manager, who is responsible for coordinating the timely preparation of reports.

Whenever feasible, financial reports correspond directly to Worksystems' general ledger accounts. When this is not feasible, the senior accountant may prepare worksheets that reconcile the funding source required categories to Worksystems' general ledger accounts.

The same procedures for grant/contract reporting apply for grant/contract billing.

The CFO/Director of Finance provides signature approval on all grant/contract financial reports prior to being certified or released to funders.

Program Reporting

Senior Project Managers responsible for grant implementation prepare required program narrative reporting. The manager responsible for the grant reviews and approves the report. This review and approval is managed through email communication retained by the Senior Project Manager in the grant file.

After approval, the report is submitted as required by the grant.

Grant Closeout

Worksystems will follow the closeout procedures described in the grant agreement as specified by granting agency.

- Worksystems and all subrecipients will liquidate all obligations and/or accrued expenditures incurred under the grant within 90 days of the end of the grant. The granting agency may authorize an extension, which would extend the period of time to liquidate obligations. The senior accountant is responsible for the timely liquidation of obligations during closeout of grant awards, with approval from the CFO/Director of Finance.

- Within 90 days of the grant-end, all financial, performance and other reports will be submitted as required by the terms and conditions of the award. The granting agency may authorize an extension, which would extend the reporting period. The senior accountant is responsible for ensuring that all required reports are submitted timely.

- Worksystems will promptly refund any balances of unobligated cash that grantor has advanced or paid and that is not authorized to be retained by Worksystems for use in other projects. The senior accountant is responsible for refunding any balances, if required.

- Worksystems will account for any real and personal property acquired with Federal funds or received from the Federal government in accordance with Federal regulations.

In the event a final audit has not been performed prior to the closeout of an award, the granting agency may request a refund of any disallowed costs identified in the audit.

Payroll and Leave Time

Payroll Processing

Worksystems uses an outside payroll service to prepare paychecks, payroll tax reports, and employee payroll reports. Copies of all payroll journals, payroll tax reports and individual payroll records are maintained at Worksystems. The senior accounting specialist is responsible for assuring the completeness and order of the payroll record files. Only the senior accounting specialist has access to the payroll service software.

Pay Periods

Worksystems utilizes a semi-monthly pay-period, with payment issued on the 15th and last day of the month (or the closest prior Worksystems business day). The senior accounting specialist submits employee and pay information directly to the payroll service using designated software.

Time Reporting

Each pay period all Worksystems employees submit Personnel Activity Report timesheets. It is the responsibility of supervisors to review the hours and account distribution recorded on the timesheets before submitting approval. The timesheet must reflect an “after the fact” determination by the employee of where and what activity was actually worked. For some Worksystems employees working hours will only be used to distribute the salary amounts based upon the percent of working hours. For all non-exempt Worksystems employees all hours worked, account distribution and the corresponding pay code will determine the amount of earnings and the accounting distribution of all earnings. Consistent with State of Oregon Bureau of Labor and Industries requirements non-exempt employees are compensated on a standard pay period, with annualized reported hours of 2,080.

Timesheets may be submitted electronically or through a printed format. All such time documents will be reviewed and approved by the applicable Worksystems supervisor. In the absence of the employee submission, the Worksystems supervisor may complete the timecard for the required period based upon his or her understanding of the work done by the employee. In this instance upon the return of the employee, he/she should confirm the accuracy of the timecard that was submitted, make any needed corrections, approve and route the confirmed or modified timecard document through the regular approval process and to the senior accounting specialist. Final supervisor approval is identified by the supervisor inputting their name in the “approved by” section of the timesheet and forwarding approved timesheet for processing.

The senior accounting specialist must receive all timecards by 2:00pm at least two (2) Worksystems business days prior to the pay date. For the days and hours that are projected by the employee through the end of the payroll period, the employee will need to confirm that the prior project activity and hours were accurately reflected in the timecard. If they were not, a corrected time card will need to be prepared and re-routed for approval and processing.

All employees must submit their compensated time in terms of an eight-hour working day. While exempt personnel are not directly compensated in terms of either an hourly rate or an eight-hour work day, the reporting in terms of an eight-hour work day provides Worksystems with consistent reporting for all employees, for both compensated time off and compensated work activity. All exempt employees submit a timecard for every pay period.

Timesheets are modified for each employee to include employee-specific information as well as base or initial account coding options. This account coding information is designed as a starting point based on accounts where the employees’ position has been budgeted. It is intended for ease of use and should not be used to identify the work activity that the employee actually performs. Employees record their time on their timesheet to reflect activities performed and appropriate funds that benefit from the activities performed. The employee and the applicable supervisor are responsible to certify that the personnel activity report timesheet accurately reflects the hours worked and work activity that was performed.

Leave Time

Leave requests are required for pre-authorization of vacation and, if applicable, sick leave and Oregon Family Leave Act time. Each employee and their supervisor are responsible for reporting any vacation and sick leave taken, using their Worksystems timesheet. The senior accounting specialist processes leave time as part of the payroll data entry process and maintains taken/allowed leave spreadsheets which are updated each pay period.

The employee’s supervisor must approve all requests for earned leave prior to an employee taking such leave. The employee must submit a request to the supervisor, who indicates approval by signing. The approved request is then passed to the senior accounting specialist.

Review and Distribution of Paychecks

The payroll service delivers the prepared paychecks, pay stubs and payroll reports one business day prior to payday. The senior accounting specialist reviews the payroll register and validates the information against the submitted/entered timesheets and documentation to be certain that the correct information has been recorded. Payroll reports and payroll allocation documents are routed to the CFO/Director of Finance for review and approval.

On payday the senior accounting specialist distributes the checks and/or check stubs to employees. All employees of Worksystems have the option of direct deposit for their paychecks.

Payroll Tax Deposits

The payroll service computes all federal and state payroll tax deposit requirements and the quarterly unemployment taxes. Authorization has been given to the payroll service to automatically deduct all appropriate payroll taxes directly from Worksystems' general bank account. The senior accounting specialist reviews all bank withdrawals and reconciles them to the payroll reports.

Benefit and Miscellaneous Payroll Payments

Through the regular check processing and approval procedures, the senior accounting specialist is responsible for generating payment for employee benefit payments, FSA contributions, garnishments and 401(k) employee/employer contributions. These payments follow the Cash Disbursement Procedures.

FTE Report

The senior accounting specialist is responsible for maintaining the FTE report. This report is based on timesheets prepared by all Worksystems employees. The FTE is used for periodic allocations as applicable.

Cash Flow and Bank Statement Reconciliation

The senior accounting specialist maintains a cash flow log for the primary Worksystems checking account. At the end of each day's processing of receipts, disbursements, and payroll, the senior accounting specialist enters all disbursements into the cash flow log for the checking account by entering each check run on a line that includes the dates of the checks, check numbers, and total batch amount. On days the payroll service provides paychecks, an entry is made in the cash flow log, with the date and total net amount of the payroll.

The Cash Flow is used to determine how much cash is available for disbursements. The senior accounting specialist is responsible for projecting cash needs and alerting the CFO/Director of Finance of any potential short- or long-term cash flow issues.

The senior accounting specialist prepares a monthly reconciliation for each bank account.

General Ledger

General Ledger Entry

The senior accounting specialist and CFO/Director of Finance maintain Worksystems' general ledger.

The general ledger is computerized using Blackbaud/Financial Edge accounting software for accounts payable and accounts receivable. Batches are created within each module and then posted from the module to the general ledger. Each month the senior accounting specialist and senior accountants prepare of journal entries for the following:

- Payroll debit amounts and payroll tax reconciliation
- Semi-monthly allocations of internal funds

- Bank account activity not recorded through cash receipts or cash disbursements (such as bank charges, sweep and interest)
- Depreciation expenses and accumulated depreciation on fixed assets are booked during preparation of yearend financial statements
- Accruals to the contract accounts based on 1/12th of the budgets, which are reversed as the invoices are posted to the general ledger
- Adjustments to prior months (coded into the current month unless circumstances warrant re-opening a closed period)
- Record third party contributions
- Record Stand-In costs

Journal entries are approved by the CFO/Director of Finance. When the CFO/Director of Finance is the staff person making the journal entry(ies), a senior accountant will review the entry and the COO or Executive Director is the designated approval.

Reconciliation of Quarterly Balance Sheet Accounts

On a quarterly basis the CFO/Director of Finance or designated senior account reconciles each balance sheet account and maintains files with appropriate backup documentation.

Financial Statements

Worksystems produces Audited Financial Statements following the end of the fiscal year (June 30). Various Budget-to-Actual Reports, Trial Balances, and numerous other financial reports are produced on a monthly basis and reviewed with Worksystems management team.

Budget Preparation and Revision

Worksystems' management team (management) and appropriate staff prepare the organizational budget for each fiscal year. The Executive Director may ask staff to prepare budgets for their respective responsibility areas.

The CFO/Director of Finance presents a draft budget to management for review. Once the Executive Director has approved the draft budget, it is presented to the Board for final approval.

Revisions to the annual budget are made as necessary. The CFO/Director of Finance works with management to prepare budget revisions. Material changes are submitted to the Board for approval, as appropriate.

Computer Usage

Worksystems uses Blackbaud accounting software. Usage and access is restricted to personnel in the fiscal department. Within the fiscal unit access to the different systems is based on a schedule dictated by internal control requirements. All Blackbaud accounting software interfaces and generates journal entries to transfer data to the general ledger.

Record Retention

Worksystems follows all appropriate GAAP, federal, state, and grant-specific record retention requirements, prioritizing the most stringent of these requirements applicable to particular records. Worksystems subrecipients and contractors are contractually required to conform with this same practice.

Internal Controls

- Responsibilities for processing fiscal data is intentionally divided among fiscal staff based upon needed separation of responsibilities.
- Budgets are prepared annually and approved by the Board.
- The senior accounting specialist does processing of incoming cash, preparing bank deposits and cash posting. The designated senior accountant does the reconciliation of bank accounts and the general ledger cash accounts. Cash receipts are deposited as soon as possible after receipt.
- Check stock is kept in a locked cabinet. Refer to Signature Authority for signing authorities.
- Purchasing – Refer to Procurement policy.
- Capital inventory is kept in Blackbaud Inventory module.
- An outside CPA firm does an A-133 single audit annually. The resulting financial statement and management letters are presented to the Board.

Separation of Duties

Function	Employee Name	Employee Title
Accounts for undelivered checks	Cindi Schulke (or designee)	Senior Accounting/HR Specialist
Approves:		
Invoice & vouchers for payment	Marcia Norrgard (or designee)	CFO/Director of Finance
Journal entries	Marcia Norrgard (or designee)	CFO/Director of Finance
Personnel actions	Tricia Ryan	COO
Participant registration	Subrecipient	Varies
Participant intake forms	Subrecipient	Varies
Participant termination forms	Subrecipient	Varies
Petty cash replenishment	None	N/A
Petty cash vouchers	None	N/A
Purchase orders	Marcia Norrgard (or designee)	CFO/Director of Finance
Vendor invoice payment	Marcia Norrgard (or designee)	CFO/Director of Finance
Bank reconciliations	Marcia Norrgard (or designee)	CFO/Director of Finance
State draw	Marcia Norrgard (or designee)	CFO/Director of Finance
Quarterly reports	Marcia Norrgard (or designee)	CFO/Director of Finance
Certifies payrolls for:		
Accuracy	Marcia Norrgard (or designee)	CFO/Director of Finance
Authenticity of payee	Marcia Norrgard (or designee)	CFO/Director of Finance
Correct wage rate	Marcia Norrgard (or designee)	CFO/Director of Finance
Certifies attendance reports for staff	Each Unit Manager	Varies
Certifies attendance reports for registrants	Subrecipient	Varies
Collects time and attendance reports	Cindi Schulke	Senior Accounting/HR Specialist
Custodian of:		
Blank checks	Marcia Norrgard (or designee)	CFO/Director of Finance
Equipment inventory records	Marcia Norrgard (or designee)	CFO/Director of Finance
Petty cash fund	None	N/A
Supplies inventory	Jenny Weller	Office Manager
Undelivered checks	Cindi Schulke	Senior Accounting/HR Specialist
Delivers payroll checks to:		
Participants for wages	Subrecipient	Varies
Staff for salaries	Cindi Schulke (or designee)	Senior Accounting/HR Specialist
Makes deposits in bank accounts:		
Cash	Cindi Schulke Carma Pettet	Senior Accounting/HR Specialist Accountant
Checks	Cindi Schulke Carma Pettet	Senior Accounting/HR Specialist Accountant
Opens:		
Bank Statements	Marcia Norrgard (or designee)	CFO/Director of Finance
Mail	Sheryl Dorton Jenny Weller	Administrative Assistant Office Manager

Function	Employee Name	Employee Title
Posts leave earned and taken to cumulative leave records	Cindi Schulke	Senior Accounting/HR Specialist
Prepares:		
Initial payroll authorization for participants	Subrecipients	Varies
Initial payroll authorization for staff	Cindi Schulke	Senior Accounting/HR Specialist
Monthly trial balances	Jane Kingston (or designee)	Controller
Personnel actions	Cindi Schulke	Senior Accounting/HR Specialist
Bank reconciliations	Jane Kingston (or designee)	Controller
Receives cash on site	Sheryl Dorton Jenny Weller	Administrative Assistant Office Manager
Records receipts in books of account	Carma Pettet	Accountant
Records disbursements in books of account	Carma Pettet	Accountant
Reviews time and attendance reports in payroll section	Cindi Schulke	Senior Accounting/HR Specialist
Signs:		
Checks	Authorization list	Varies
Receiving documents	Authorization list	Varies
Contracts		
Prepares contracts	Sarah Collett	Contract/Procurement Specialist
Approves contracts	Authorization list	Varies
Prepares contract modifications	Sarah Collett	Contract/Procurement Specialist
Approves contract modifications	Authorization list	Varies
Data processing		
Fiscal data input	Senior accountants have limited access to A/P, A/R and Administration. Senior Accounting/HR Specialist has limited access to Administration. Only the designated Senior Accountant has Bank Reconciliation access. CFO/Director of Finance has full access.	
Participant Data input	Subrecipient Worksystems staff	Varies
Fiscal data output	All Worksystems staff may request and receive various types of fiscal reports; Fiscal staff would prepare the reports.	
Participant data output	Subrecipient Worksystems staff	Varies
Programming fiscal programs	3rd party – Blackbaud	N/A
Programming participant programs	Worksystems Information Systems Department staff and contractor	Varies
Access to terminals for:		
Fiscal applications	Worksystems Fiscal staff	Varies
Participant applications	Subrecipient Worksystems staff	Varies
Other (e.g. word processing)	Worksystems staff	Varies