

Alliance to End Homelessness in Suburban Cook County

Fiscal Policies and Procedures

Approved _____

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1. Basic Policy Statement

The Alliance to End Homelessness in Suburban Cook County is committed to responsible financial management. The board of directors and staff will work together to make certain that all financial matters of the organization are addressed with care, integrity and in the best interest of the Alliance.

The policy and procedural guidelines contained are designed to:

1. Ensure the maintenance of accurate records of the Alliance's financial activities
2. Provide a framework of operating standards and behavioral expectations
3. Ensure compliance with federal, state and local legal and reporting requirements.

The Executive Director of the Alliance has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Directors. Exceptions to written policies may only be made with the prior approval of the Executive Committee. Changes or amendments to these policies may be approved by the Board of Directors at any time. A complete review of the policies shall be conducted no less than every five years.

2. Accounting Method

The Alliance to End Homelessness in Suburban Cook County maintains its accounting system on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP).

3. Annual Operating Budget

It is the policy of the Alliance to End Homelessness that:

- The financial operations of the agency shall be projected and governed by an Annual Operating Budget developed by the Executive Director in conjunction with the Finance Committee and approved by the Board of Directors by the last meeting prior to the beginning of the fiscal year.
- Re-allocations between line items of the budget that represent less than 5% of the annual budget shall be made at the discretion of management. The board of directors will be notified. Any budget increase would require approval of the Board of Directors.

4. Accounting Software

The Alliance uses an integrated accounting software system to record financial information relating to certain aspects of its operations including:

- General Ledger Account Activity
- Accounts Payable
- Accounts Receivable
- Payroll

This accounting software generates all internal financial statements and reports, and printed checks. Monthly financial reports may be exported to Excel files to facilitate generation of reports for the board

5. Financial Statements

At the end of each month the Alliance generates internal financial statements and reports for use in its operations. The following reports maintained by the accounting system are to be printed and reviewed monthly to assure accuracy as well as to update the financial status of the organization.

1. Balance Sheet and Statement of Revenue and Expense – reviewed by Ex. Director and Finance Committee – copies provided to Alliance Board Members
2. Bank Reconciliations and Payroll Summaries – reconciled by Office Manager and reviewed by Executive Director – copies filed

Quarterly Tax Statements and the Annual Tax Filing are prepared by the Office Manager and reviewed by the Executive Director to assure accuracy.

The Finance Committee may request and review at any time these reports or any other financial information to substantiate any financial transaction.

Procedure:

1. After recording all monthly accounting activity, the Office Manager prints ALL the month-end reports maintained by the accounting system.
2. The Executive Director shall review the reports to assure accuracy. It is the responsibility of the Executive Director in consultation with the Finance Committee to analyze and report on the financial stability of the agency to the Board.

3. The Board reviews the Balance Sheet, Statement of Revenues and Expenses and reports from the Finance Committee at the monthly board meetings.
4. Other reports such as Trial Balance, Monthly Journal Entries, and General Ledger may be printed on an as needed basis for review by the Executive Director, the Board Chairperson, or members of the Finance Committee.

These internal financial statements are used strictly as an evaluation tool for management. These statements do not normally include adjustments for fixed asset depreciation and payroll account balance adjustments which are generally made at year end only.

6. Internal Controls

Certain fiscal duties are segregated in order to maintain proper internal controls.

The Office Manager reports to the Executive Director and is responsible for:

1. Maintaining all general ledger accounts and journal entries (accounts payable and accounts receivable)
2. Filing of monthly computer generated internal financial statements and reports
3. Opening bank statements and preparing bank reconciliations
4. Supervising physical inventories and fixed assets
5. Supervising all billing and receivables and coding of payables
6. Payroll reporting
7. Generation of disbursement checks
8. Opening the mail
9. Recording receipts
10. Distributing mail to the appropriate persons
11. Reviewing and mailing all disbursement checks
12. Preparation and delivery of all deposits to the bank

The Executive Director is responsible for:

1. Authorizing all disbursements and signing all checks
2. Reviewing and approving all bank reconciliations
3. Reviewing all internal financial statements and reports

7. Annual Audit

It is the policy of the Alliance to End Homelessness that:

- An annual audit of the Alliance to End Homelessness's books and records shall be performed on a timely basis following the end of each fiscal year
- The annual audit shall be performed by qualified independent Certified Public Accountants as auditors in accordance with generally accepted accounting principals for non-profit organizations. Periodically and no less than once every three years, bids for the audit should be obtained to assure competitive pricing. The Alliance will change their auditors at least every six years.
- The Finance Committee will be responsible for selection of the auditors and will make such recommendation to the Board of Directors.
- The Auditor's final report will be reviewed by the Executive Director and the Finance Committee, and the board will be notified of findings and/or corrective action necessary. The board of directors (or a committee the board designates) shall approve and accept the audit.

Procedure:

1. In accordance with the Alliance bylaws, the fiscal year adopted by the Alliance to End Homelessness is Jan 1st – Dec 31st. After year-end entries have been completed and recorded in the accounting system, it is the responsibility of the Executive Director to arrange for the annual audit based on the selection of an auditor by the Finance Committee that has been approved by the Board of Directors.
2. If necessary an RFP will be submitted on a timely basis to a list of auditors for cost comparisons. The bids will be reviewed by the Executive Director and the Finance Committee, and a recommendation will be made to the board for approval.
3. After the auditor's report has been issued, it is then reviewed by the Executive Director. Based on recommendations or changes suggested by the Auditor, the Executive Director is responsible for developing and/or modifying procedures, policies, and internal controls etc., as appropriate in consultation with the Executive Committee and/or Finance Committee. The Executive Director is responsible for assuring implementation and adherence to any revisions. A final copy of the audit is distributed to and approved by the Board of Directors and will be available for public inspection.
4. The Alliance's Form 990 is prepared by the auditors and reviewed and approved by the Executive Committee prior to timely submission each year to the Internal Revenue Service. A copy shall be made available for public inspection.

8. Tax Exempt Status

It is the policy of the Alliance to End Homelessness that all laws, rules, and regulations protecting the Alliance to End Homelessness's tax exempt status will be complied with including:

1. Prompt filing of annual reports required by the Internal Revenue Service, Illinois Department of Revenue, Illinois State Attorney General, and Illinois Secretary of State
2. Complying with public disclosure requirements
3. Refraining from prohibited political activity

Any purchase or other agreement which utilizes the Alliance to End Homelessness's tax exempt status shall genuinely be for the benefit of the Alliance; no such purchase or other agreement shall be made for the personal use of any individual.

Procedures:

1. All vendors shall be made aware of the Alliance to End Homelessness's tax exempt status
2. All invoices of items purchased will be reviewed prior to payment to assure no sales taxes were applied to purchase price. If the Alliance is charged sales tax every effort will be made to recover the tax charged.

9. Records Retention

It is the policy of the Alliance to End Homelessness to retain archived records as required by law. Archived records are stored at the Alliance office. These records will be destroyed with the approval of the accountant on or after the destruction date posted on the box.

Procedure:

The following records will be retained permanently and appropriate backup created:

- General ledger
- Payroll records (journal, ledgers, W-2s, 940s, etc.)
- Cash receipts and disbursements journals (as part of the general ledger)
- Corporate records, including local, state and federal licenses; annual reports; articles of incorporation; bylaws; and minutes from board of director meetings
- Annual financial reports

The following records will be retained for ten years:

- Accounts payable
- Bank statements including check images and deposit slips
- Signed leases (from termination)

The following records will be retained for three years:

- Employee time analysis (payroll binder)
- Attendance records and record of paid time off (kept in payroll binder)
- Vendor invoices in Vendor files
- Cash receipt documentation (grant files, donation receipts and miscellaneous payments in deposit binder with our invoice and copy of their check)
- Fixed assets (from disposal)

10. Accounts Receivable and Accounts Payable

It is the policy of the Alliance to End Homelessness to maintain all cash accounts in the General Account.

For Cash Receipts:

1. Effective internal controls will be maintained with segregation of duties as outlined in this document.
2. Funds received will be posted and deposited on a timely basis

For Cash Disbursements:

1. Only checks that are completely filled out and have appropriate supporting documentation will be issued and signed. Blank checks will never be signed. Checks may not be written to cash or to the bearer.
2. Board approval will be required on all checks greater than \$10,000 for any expense that is not part of a previously approved contract..
3. Two authorized signatures are required on all checks greater than \$2,500. Line of credit repayments only require one authorized signature.
4. If an original check is lost or outstanding for more than six months, payment will be stopped.
5. A replacement check may be issued on lost checks after 30 days and 24 hours after the stop payment was performed with the bank, except for paychecks. A replacement check may be issued on lost paychecks after two weeks of notice of loss and confirmation by the bank that the check has not cleared.
6. The Executive Director will ensure that at least 5 persons are authorized signatories including the Executive Director, the Board Chair, Past Chair, Vice Chair and Treasurer.

Bank Accounts will be reconciled on a monthly basis and reviewed by the Executive Director.

Changes to bank accounts including opening and closing of accounts, opening a line of credit, applying for a credit card, and adding additional signatories are done with board authorization only.

Credit Cards may be used only for transacting Alliance business and may not be used for personal use.

Procedure for Accounts Receivable:

1. The Office Manager opens the mail and inspects the contents. Each check received is stamped with the official depository endorsement stamp immediately upon receipt.
2. The Office Manager lists the individual checks and or cash amounts on the deposit slip and on the Daily Check Log. Using the “Make Deposit” function, all funds received are recorded in the accounting system. If the funds received are a contribution, a letter acknowledging the donation is prepared for the Executive Director’s signature and forwarded to the contributor. For receipt purposes, the letter must also contain the tax identification number.
3. Checks and all paperwork received are photocopied.
4. The Office Manager will take the deposit to the bank and obtain a receipt (usually same day). The copies and the checks are then presented to the Executive Director for signature.
5. The bank deposit receipt is then attached to the photocopies of the checks and deposit slip and placed in the deposit binder.
6. Money will be kept locked in the Executive Director’s office until deposit is made if Office Manager is not available for immediate processing.

Procedure for Accounts Payable:

1. The Office Manager stamps the bill “received” and matches it to the packing slip and/or purchase order, if applicable.
2. The Executive Director reviews all requests for payments per policy and approves by signing his/her initials. The Office Manager enters the approved bill, with appropriate documentation/backup into the system, stamped with posted stamp along with initials and date and then placed in a “PENDING FILE” where it is held until payment is made.
3. Bill processing is done on the 15th and last day of the month. On the respective date, the Office Manager presents due bills to the Executive Director who releases blank checks. The Office Manager prepares the check. The check voucher is generated by using the “Write Check” function and is attached directly to the receipt portion of the bill, invoice etc.

4. The Executive Director reviews and signs checks. If the Executive Director is not available one of other authorized signatories will review and sign checks. The Office Manager will attach a copy of the check to the invoice, and the payment is then forwarded appropriately.
5. The blank check stock is kept locked in the Executive Director's office.
6. Credit Card bills are received and stamped by the Office Manager. Documentation for charges is attached and the charges are reviewed and posted. The statement is reconciled by the Office Manager. The statement and backup documentation is reviewed and approved by the Executive Director. Payment is made by Electronic Funds Transfer (EFT). A payment voucher is issued for documentation purposes with a copy of the online payment record. Credit Card payment records are kept in the vendor file.
7. All payments made by EFT will be documented by generating a paper payment voucher that is then attached to a copy of the bill it is paying. Bills paid in this manner are approved by the Executive Director, and records are kept in a vendor file.

Procedure for Bank Account Reconciliation:

1. On a monthly basis, the Office Manager will balance the accounting records against the statement, and complete a reconciliation sheet.
2. The Office Manager will submit the bank statement, completed reconciliation sheet, along with both the Cash Receipt and Cash Disbursement Reports to the Executive Director for review.
3. The Treasurer or Board Chair may periodically review any bank statements and their reconciliation.

Government Funding

1. All government monies will be handled in accordance with the requirements issued by the funding body.
2. Billing for CDBG funds is done on a reimbursement basis for costs already incurred and is done monthly. The billing is prepared by the Office Manager and reviewed by the Executive Director. When CDBG money is received the check is deposited into the Alliance checking account in accordance with the Procedure for Accounts Receivable.
3. Billing for SHP funds is done monthly or as needed through the HUD Line of Credit Control System (LOCCS). The billing is prepared by the Office Manager and reviewed and approved by the Executive Director prior to drawing the funds down. The funds are deposited by electronic transfer directly into the Alliance's checking account. Both the Executive Director

and the Office Manager are authorized users of the LOCCS system and are expected to keep their authorization current.

11. Purchasing

It is the policy of the Alliance to End Homelessness that:

- The purchase of special order or high ticket items shall be in compliance with the requirements of the Alliance's funding sources.
- Purchasing of all general office supplies and equipment shall be centralized to the Office Manager and ordered on an as needed basis. Regular supplies do not require a purchase order.
- All purchases shall be appropriately allocated to the departments and programs of the agency through the internal accounting system.
- The Alliance to End Homelessness's personnel will actively seek in-kind donations, in lieu of purchases from the general market, whenever practical.
- Competitive pricing will be sought for purchases of major items or services over \$500 prior to selection of vendor or item, with regard to quality and service.
- Agreements with Independent Contractors will be entered into only if the Independent Contractor shows evidence of being licensed and carrying insurance, if applicable, prior to their providing service to/for the agency.
- Contracts up to \$2500 for goods or services that are within a project's budget may be negotiated by the Executive Director. Contracts for goods or services that are greater than \$2500 must be competitively bid and may be negotiated by the Executive Director. Board approval is required for contracts over \$10,000. If the relevant funding source has purchasing requirements that differ from these listed here, the more restrictive requirement shall be followed.

Procedure:

1. The Office Manager or Program Director will prepare a Purchase Requisition/ Check Request Form and attach appropriate bids or cost comparisons for special order or high ticket items. The requisition will include the type of goods or services and cost.
2. The Executive Director will approve the purchase under the guidelines prescribed in the "Cash Disbursement Policy".
3. Once the order has been received and inspected, any packing slips, invoices, receipts, etc., will be signed and dated and attached to the purchase requisition and kept in the Vendor file.

4. Payment of purchases is handled according to the procedures outlined under “Cash Disbursements”.

12. Contributions

It is the policy of the Alliance to End Homelessness that:

1. Donations of equipment, supplies and other goods and services shall only be used as directed by the donor:
 - Operational: by and for the benefit of the Alliance to End Homelessness’s operations; no such items shall be available to be sold to or purchased by any individual for personal use
 - Fund raising: as items held for sale to support fundraising events
2. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.
3. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.
4. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.
5. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Federal grant awards are not recorded until expended for the purpose of the grants since they are conditional promises to give.

13. Payroll

Policy

The Alliance’s Human Resource Manual (or H.R. Manual) sets forth the policies and procedures for defining staff positions, setting salary ranges, conducting performance reviews and determining salary adjustments.

Procedure:

1. Performance reviews shall be conducted in accordance with the H.R. Manual.
2. Salary adjustments for the Executive Director will be communicated in writing to the Office Manager by a board officer involved in making the salary adjustment decision.

3. Determining salary adjustments for any other personnel will be the responsibility of the executive director within the constraints of the organization's budget. The Executive Director will communicate any salary adjustments to the Office Manager for preparation of payroll.

Policy

In accordance with the H.R. Manual, the Executive Director shall maintain all personnel files, shall monitor the use of paid time off, and shall ensure the accuracy of attendance records.

Payroll shall be distributed on the 15th and last day of each month for 24 pay periods per year.

Timesheets are completed by each employee for each pay period and approved by the Executive Director. Expense Reports are submitted by each employee monthly at the end of the month and approved by the Executive Director.

Procedure:

The Office Manager:

1. Collects the time sheets and Expense Reports and submits them to the Executive Director for approval.
2. Prepares the payroll with the use of QuickBooks after the time sheets are approved.
3. Prepares the payroll for direct deposit for all salaried, direct deposit employees and sends it to the bank up to two business days prior to payday. Payroll vouchers are printed and given to employees on payday, and a copy is filed in the Payroll Binder.
4. Generates checks for employees who do not have direct deposit, and a copy is filed in the Payroll Binder.
5. Prints out all Payroll Liability Reports and Payroll Summary sheets and has them signed by the Executive Director prior to filing in the Payroll Binder and the Accounts Payable due file.
6. Issues checks to reimburse expenses based on ED approved Expense Reports.
7. Ensures that payroll taxes that are computed by QuickBooks are paid on a timely basis through electronic funds transfer, prepares the quarterly tax reports and pays any balance due.

The Executive Director:

1. Approves all time sheets and expense reports prior to payroll preparation.
2. Signs all checks and reviews and signs off on the payroll documentation (includes direct deposit confirmation sheet, copies of checks, payment vouchers, and timesheets) before filing in the Payroll Binder.
3. Reviews payroll tax deposit confirmations.
4. Reviews and signs off on quarterly and annual tax reports.

Payroll Account Adjustment – End of year payroll account adjustments are handled automatically by the accounting software. The Executive Director and Finance Committee shall annually review the Paid Time Off accrual liability to determine if it is material and requires a general journal entry.

14. Capital Assets

It is the policy of the Alliance to End Homelessness that:

- For all capital assets there shall be an annual physical inventory and reconciliation with the accounting records.
- Determination of write-off or other action as may be appropriate is to be made by the Executive Director.
- Assets of value \$1000 or greater and with a useful life of at least three years are to be capitalized.
- Fixed assets for current additions are carried at cost if purchased, or at fair value if contributed.
- Depreciation is computed on the straight-line method over 5-10 years for improvements, 10-20 years for buildings, and 3-5 years for vehicles, computer equipment, furniture and office equipment.

Procedure: Depreciation is recorded annually with a journal entry.

15. LEASES

It is the policy of the Alliance to End Homelessness that:

- All leases will be reviewed and approved by the board of directors prior to execution and commencement of the lease.
- Signed copies of leases will be kept on file for ten years beyond their termination.

16. INSURANCE

It is the policy of the Alliance to End Homelessness that:

- The Executive Director will assure that adequate insurance coverage is maintained to protect the assets of the organization as well as to safeguard against operational risks.
- Insurance Coverage will include but is not limited to:

1. General Liability - including Property and Auto
2. Officers and Directors Liability
3. Workers Compensation

Procedure:

1. Policies are reviewed annually, or as needed, to assure adequate coverage.
2. Periodically, bids should be obtained prior to renewal to assure competitive pricing. (Refer to “Purchasing Policy” for information on obtaining cost comparisons.)
3. The renewal of policies is done on a timely basis to assure that there is no lapse in coverage.

17. Whistleblower Policy

(based on sample policy of the National Council of Nonprofit Associations, Copyright 2004)

The Alliance to End Homelessness in Suburban Cook County Code of Ethics and Conduct (“Code”) requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the Organization, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations. A copy (paper and/or electronic) of this policy will be provided to all directors, officers and employees of the Alliance annually.

Reporting Responsibility

It is the responsibility of all directors, officers and employees to comply with the Code and to report violations or suspected violations in accordance with this Whistleblower Policy.

No Retaliation

This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Organization prior to seeking resolution outside the Organization. No director, officer or employee who in good faith reports a violation of the Code shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment.

Reporting Violations

The Code addresses the Organization’s open door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, the Executive Director is in the best position to address an area of concern. However, if you are not comfortable speaking with the Executive Director or you are not satisfied with his/her response, you are encouraged to speak with someone on the Executive Committee whom you are

comfortable in approaching. Employees are required to report suspected violations of the Code of Conduct to the Organization's Compliance Officer, who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud, or when you are not satisfied or uncomfortable with following the Organization's open door policy, individuals should contact the Organization's Compliance Officer directly.

Compliance Officer

The Organization's Compliance Officer is the chair of the Finance Committee. The Organization's Compliance Officer is responsible for investigating and resolving all reported complaints and allegations concerning violations of the Code and, at his/her discretion, shall advise the Executive Director and/or the Finance Committee. The Compliance Officer has direct access to the Finance Committee of the board of directors and is required to report to the committee at least annually on compliance activity.

Accounting and Auditing Matters

The Finance Committee of the board of directors shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Compliance Officer shall immediately notify the Finance Committee of any such complaint and work with the committee until the matter is resolved.

Acting in Good Faith

Anyone filing a complaint concerning a violation or suspected violation of the Code must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

