



Financial Policies and Procedures

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Part I : Introduction

ICON Community Services Inc. is a private, non-profit corporation located in Northern Virginia, whose primary mission is to broaden public awareness and improve access to opportunities in the community for people who have historically been excluded because of disability. In addition to direct services to people with disabilities, ICON provides technical assistance to private and public sector businesses and local and state governmental agencies. The corporation is governed by a Board of Directors, all of whom are citizen volunteers.

The purpose of ICON's accounting and financial policies and procedures is to ensure that ICON meets the requirements of federal, state, and local laws and regulations, and to provide timely and accurate data for management decisions. ICON follows generally accepted accounting principles for non-profit organizations.

Expenses and income are allocated by account and by cost center to enable the segregation of income and expense by program.

Financial procedures are shared by the Office Manager, Controller, Administrative Director, and Executive Director. An independent auditing firm is retained to perform an annual audit and prepare annual tax returns.

ICON carries general liability insurance in the amount of \$3,000,000, officers and directors insurance at \$1,000,000, an employee dishonesty policy in the amount of \$175,000, and Professional Liability in the amount of \$3,000,000, as well as several other types of insurance, workers compensation insurance as required by law, and \$1,000,000 umbrella coverage.

Part II : Basic Principles

Bank Accounts

ICON has two checking accounts with Burke & Herbert Bank, N.A. One is a primary checking account that is used for all functions except payroll. Money is transferred from this account bi-weekly to a second account from which payroll expenditures are made. ICON also has a line of credit with Burke & Herbert; the maximum amount for this line of credit is \$50,000.

ICON Community Services, Inc. also controls funds in an additional checking account which contains restricted funds provided by the Fairfax - Falls Church Community Services Board (CSB) from time to time. These funds may be used for emergency/unanticipated needs of individuals funded by this CSB in Community Living Services. The CSB must approve in writing each specific use of these restricted funds. ICON is permitted to deposit these funds in an interest bearing account. Interest earned becomes an asset of ICON Community Services, Inc. Authorized signers on this account are the same as those detailed above.

ICON also maintains a certificate of deposit at Prosperity Bank & Trust, and has a VISA account with this financial institution.

The Treasurer, Executive Director, and Administrative Director are authorized by the Board of Directors to sign checks, transfer funds between the two accounts, and draw upon the line of credit. The Controller is also authorized to transfer funds between accounts. Only one signature is required on all checks, although purchases over \$10,000 require Board approval.

Bank statements are opened and reviewed by the Executive Director prior to being turned over to the Controller for monthly reconciliation.

Cash Receipts

ICON does not receive cash payments or donations except on rare occasions. Checks received are opened by the Office Manager and stamped with the "for deposit only" stamp at the time of receipt; these receipts are also logged by the Office Manager at the time of receipt. The Controller prepares checks for deposit in a timely manner, comparing receipts with invoices and making a copy of all checks with their deposit slips before making the deposit. These copies are attached to the invoices.

Cash Disbursements

All disbursements, except petty cash disbursements, are made by check. Check stocks are pre-numbered and used in sequence, and blank stocks are kept in a safe. The combination and procedure for opening the safe is known only to the Controller, Administrative Director, and Executive Director. All expenditures are reviewed by the Executive Director at the end of each month.

Checks are prepared by the Controller, who records on each invoice the date, check number, and amount of the check. Voided checks are stamped in two places with the word "void" and are retained and filed with the bank statements at the end of the month.

Checks are signed by the Administrative Director or the Executive Director and returned to the Controller for mailing. Cash disbursements are recorded at the time of payment by the Controller in a spreadsheet used to track the balance in the primary checking account.

Petty Cash

ICON provides several forms of petty cash accounts:

Traditional Petty Cash

A petty cash box with a bank of \$150.00 is kept in the safe for the purchase of incidental supplies and the like. Receipts for all expenses paid through this petty cash account are attached to a petty cash voucher and kept in the petty cash box. A journal of petty cash disbursements is also kept in the cash box. When the cash in this box falls below \$50, the Controller makes a reconciliation to ensure that these records correspond with the cash used, and writes a check to replenish the funds. Expenses are coded to the appropriate account and cost center at the time this check is written.

Consumer Petty Cash Funds

Because some of the individuals who receive services from ICON may need assistance in handling money, ICON staff may receive a sum of money from the individual or his caregivers to be given back to the individual in small amounts on a day-to-day basis. The authorized use of these funds is documented on an individual basis. When these funds near depletion, the ICON staff person provides a record of expenditures to the individual or his caregivers who replenish the fund.

Consumer Personal Finance Management

ICON staff may have the responsibility of assisting Community Living Services consumers in the management of their income and expenses. Consumers and staff in

this situation are governed by a separate *Consumer Money Management Policy and Procedures* document.

When necessary, ICON may also act as representative payee for Social Security or other sources of income, receiving and disbursing funds to the consumer or to others on behalf of the consumer. In these instances a separate account and documentation of all receipts and disbursements is maintained by the Controller. All of the laws and regulations regarding representative payee status are followed. The details of the disbursement of funds are determined by the individual concerned, and are documented in the individual's permanent record.

Community Living Services Escrow Funds

An escrow fund is maintained for the purpose of assisting community living services consumers with unexpected expenses on a short-term basis. This fund can be used, for example, to pay the rent when the consumer is unable to do so due to job loss or the loss of a roommate. Funds are available only to consumers who are funded by the Fairfax-Falls Church Community Services Board.

Individual requests are submitted to the Director of Community Living Services on standard forms that are numerically coded for tracking purposes. The Director in turn submits the request to the Fairfax-Falls Church Community Services Board for approval. Upon approval, a separate file is set up for each request, and the amount requested is transferred from the Escrow account to the general checking account. Receipts for each disbursement are maintained in the file, and when the total amount has been expended the file is closed, but retained with the financial records of the organization.

AccuTek Extension Project

This project is funded by a donation from AccuTek Assemblies, Inc. and provides community-based supports to former employees of AccuTek and other individuals with severe disabilities, to assist them to become full members of their community. The Project Director is Judy Bailey, former General Manager of AccuTek.

A budget for the first six months of this project was approved upon commencement of the project on January 3, 2005. This budget shall remain in effect until such time as Ms. Bailey finds it necessary to make budget revisions. No new budget or budget revisions for the project will be considered approved without the signatures of both the Project Director and the Executive Director.

Funds allocated to this project are not disbursed unless (a) the expenditure is specifically named in the approved budget, or (b) Ms. Bailey approves the expenditure in writing before disbursement is made, and (c) the related expenses do not exceed the funds segregated for this purpose.

Invoicing

Invoices are prepared at the end of each month by the Controller. A copy of each invoice, with supporting documentation, is filed by name of the agency invoiced. A separate copy is kept in an accounts receivable file, from which it is removed when payment is received.

An aging schedule showing all invoices unpaid after 60 days is prepared monthly for review by the Executive Director. In the event that invoices remain unpaid after 90 days, ICON reserves the right to discontinue services. If services are being funded by the individual through a Social Security work incentive program, ICON will notify Social Security of such action.

Contract Compliance

The Controller, under the supervision of the Administrative Director, is responsible for ensuring that all billing and service documentation is in compliance with individual contractor and Medicaid vendorship requirements.

Payroll

Wages are paid bi-weekly on Friday, for the pay period ending the previous Friday. Time sheets, filled out by the employee and approved by the supervisor, are collected, checked for accuracy, and recorded by the Controller. The payroll record for the period is then transferred to Paychex for processing. A direct deposit program is available. For amounts being disbursed through direct deposit, the Controller prepares a direct deposit statement to be transmitted electronically to the bank by noon on the Wednesday preceding the payroll date. Paychecks for those not participating in the direct deposit program are prepared by the payroll processing firm, reviewed by the Controller, and signed by the Administrative Director or Executive Director.

Expense Reimbursement

Travel vouchers and expense reimbursement requests are submitted by the 5th of the month for expenses incurred in the previous month. They are checked for accuracy by the Office Manager or the Controller. Data is transmitted by the 10th of the month to the bank for those requesting direct deposit; at the same time checks are prepared by the Controller and signed by the Administrative Director or the Executive Director for those who have requested paper checks.

Financial Statements

Detailed financial statements, including statement of financial position, income statement, statement of activities, and bank statement reconciliation, are prepared monthly. These statements are reviewed by the Executive Director and a budget-to-actual comparison is prepared by the Administrative Director. In addition, all bank reconciliations and journal entries are reviewed and signed by the Executive Director.

Purchasing

Administrative staff are responsible for the purchase of office supplies on a day-to-day basis, and individual staff members may also purchase office supplies or site modification supplies as needed, up to a limit of \$30. Purchases of individual items costing between \$30 and \$300 are to be approved in advance by the Administrative Director or Executive Director; purchases costing between \$300 and \$10,000 may only be approved by the Executive Director. Purchases costing more than \$10,000 must be approved by the Board of Directors.

A competitive bidding procedure or documented cost/value comparison must be made on all purchases costing \$2,500 or more. Documentation of this procedure is to be retained for the life of the equipment in question.

Property and Equipment

A detailed depreciation schedule is maintained showing, for each purchase over \$500, the item, date purchased, inventory number, cost, depreciable life, and yearly depreciation. When property or equipment is sold, lost, or otherwise disposed of, the date and method of disposal is recorded in the depreciation schedule.

A physical inventory is conducted annually to ensure that all property and equipment is properly accounted for.