



**ACCOUNTING POLICIES
AND
PROCEDURES MANUAL**

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I. GENERAL

1. The TransCenter for Youth, Inc. Board of Directors, following the Generally Accepted Accounting Principles (GAAP), formulates policies, delegates administration of the financial policies to the Executive Director and reviews operations and activities. Full Board approval will be obtained for policies to be enacted.
2. The Executive Director has responsibility for all non-academic operations and activities, including financial management.
3. TransCenter's fiscal year will be from July 1 through June 30.
4. The lines of authority on the TransCenter for Youth, Inc. organizational chart will be followed by all employees.

II. CASH RECEIPTS

1. All incoming mail that contains cash or checks will be forwarded to and opened by the Executive Assistant, who will endorse them "for deposit only" and create a daily list of receipts.
2. The Executive Director will periodically compare the receipt listing to the deposit slips for accuracy.
3. Pre-numbered cash receipts will be completed at the time any cash is received.
4. A deposit slip will be completed by the Executive Assistant. The deposit slip will include the name, account number, source and amount of each deposit.
5. Documentation of all receipts (copy of check, letter, etc.) will be attached to a duplicate deposit slip along with the validated bank deposit receipt and attached in the deposit book.
6. A list of all deposits and their general ledger codes will be entered into the computerized accounting program, which will record the receipts into the general ledger system.
7. All deposits will be made on the day of receipt or as soon as is practicable by the Executive Director or the Executive Assistant.
8. All deposits will be deposited intact.
9. At the end of each month, all deposit records and check stubs will be used in bank statement reconciliations and the generation of accounting reports and reviewed by the Board Treasurer.

III. CASH DISBURSEMENTS

Check Authorization

1. All original invoices will be forwarded semi-monthly to the Executive Assistant who will verify the accuracy of the invoice, match the purchase requisitions and delivery slips, and attach documentation to the invoice.
2. The Executive Director will review and schedule invoices for payment taking into account any discount periods.
3. All invoices over \$10,000.00 along with all supporting documentation will be submitted by the Executive Director to the Board Treasurer for approval. The President or Treasurer of the Board may review the approved invoices when signing the checks at their discretion.

Checks

1. The Executive Assistant will be responsible for all checks maintained at the TransCenter programs. The checks will be kept under lock and key.
2. All checks will be pre-numbered and used in sequence.
3. Checks will be prepared for an original vendor invoice whenever possible.
4. Checks will be made payable to specific payees and never to cash or bearer.
5. The Executive Assistant will generate the two-part checks based on appropriate documentation for TransCenter's schools.
6. The Executive Director, Treasurer or program directors will sign all checks. Two signatures are required on all checks.
7. The Executive Assistant will stamp all invoices, "PAID".
8. Checks will be distributed as follows:
 - a. Original – mailed to payee.
 - b. Check stub – filed in vendor file with all supporting documentation.
9. The Executive Assistant will use Quickbooks to record all disbursements.
10. Voided checks will have "VOID" boldly written in ink across the face of the check and the signature portion of the original check will be defaced. The original of the voided check will be recorded and filed.
11. In no event will checks be:
 - a. Prepared unless these procedures are followed.
 - b. Prepared unless there is backup documentation.
 - c. Used in other than chronological order.
 - d. Signed blank.
 - e. Made out to cash or bearer.
 - f. Prepared on oral authorization.

Bank Reconciliation

1. Bank statements for TransCenter schools will be received directly by the Executive Assistant.
2. Paid checks will be examined for date, name, amount, cancellation, and endorsement periodically by the Board president.
3. An itemized listing of all outstanding checks for the month will be completed.
4. The reconciled bank balance will be compared to the bank account listed within the general ledger.
5. The Executive Director will take appropriate action on checks outstanding over 90 days and will inform the Board.

Petty Cash

1. There will not be a petty cash fund established.

IV. PURCHASING

Purchase Requisitions

1. Purchases of less than \$1,000.00 may be made at the discretion of the Executive Director or the program directors without competitive quotations.
2. A purchase requisition form will be used for all purchases over \$500.00.
3. All purchase requisition forms must be approved by the program director who will determine:
 - a. If funds are available in the budget for the expenditure.
 - b. If the expenditure is allowable under the revenue source.
 - c. If there are any special conditions for the purchase, e.g. if a check must accompany the purchase requisition form.
4. All purchases of \$5,000.00 or more must be approved by the Executive Director on the basis of up to three formal quotations.
5. All purchases of \$10,000.00 or more must be approved by the Board of Directors.
6. Approved purchase requisition forms will be distributed as follows:
 - a. Original – to be kept on file at the program site.
 - b. Copy – sent to the vendor, if requested or necessary.
 - c. Copy – sent to the Executive Assistant.
7. All packing slips, receipts, or other paperwork will be signed and dated by the person accepting the delivery of goods. These will be forwarded to the Executive Assistant.
8. Invoices will be forwarded to the Executive Assistant who will compare them with packing slips or receipts.
9. The invoices will be processed through the check approval system.

Agency Credit Cards and Charge Card

1. All the TransCenter programs will be allowed to establish charge accounts for appropriate program expenses (e.g. office supplies, instructional materials, etc.).
2. Charge cards will be in the possession of the program directors or their designees.
3. Only appropriate program expenses can be charged. No personal use is allowed.
4. Charged purchases will be made according to the policy stated above.
5. Charge accounts for all the programs will be reviewed by the Executive Director on a monthly basis.

General

1. The purchase requisition files will be reviewed monthly by the program directors to determine which items have not been received. The program directors will follow up on these items.
2. No personal purchases will be made for employees. No purchases will be made for other organizations.
3. Any variances for these procedures must be approved in writing by the Board of Directors.

V. PAYROLL

Hiring

1. The Board of Directors hires the Executive Director who in turn hires the Executive Assistant, and the program directors.
2. The program directors are responsible for hiring all school and program staff.
3. The Executive Assistant will be responsible for seeing to it that all new employees complete the following:
 - a. W-4 form – Employee Withholding Certificate.
 - b. Insurance application forms when:
 1. Benefits are applicable
 2. The employee is eligible to be enrolled in the insuring program.
 - c. Employee letter of hire.
 - d. Employment Eligibility Verification form (I-9).
4. The Executive Assistant will be responsible for giving all employees the following information:
 - a. Personnel policies and all updates.
 - b. Insurance booklets.
 - c. Time card procedures as applicable.
 - d. Travel reimbursement forms, if applicable.
5. All employees will comply with the TransCenter's personnel policies.
6. The Executive Assistant will set up a personnel file for each employee. The employment application, resume, I-9 form, and W-4 form will be placed in the personnel file.
7. The personnel files will also contain letters of hire to the employee stating their current wage or annual salary.
8. Written termination notices that properly document reason for termination, unemployment compensation status, and administrative actions necessary if any, at the time of termination will be maintained in the personnel files.
9. Physical controls will exist over personnel records that prevent their loss or view by unauthorized personnel.

Time Cards

1. Each nonexempt employee will be responsible for completing a time card on a weekly basis.
2. Completed time cards will be returned to the Executive Assistant.
3. Incomplete time cards will be returned to the employer for completion or correction.

Payroll

1. The Executive Assistant will gather all payroll information and review them with the program directors.
2. The Executive Assistant will be responsible for submitting accurate payroll information to the payroll service agency.
3. The Executive Director will review payroll registers before payroll checks are distributed.

Payroll Advances

There will be no payroll advances.

Travel Advances

1. All travel advance requests must be in writing and submitted to the program director and Executive Director for approval.
2. If a travel advance is approved, a check will be prepared in accordance with section three (3) of this manual, "Cash Disbursements".
3. Travel advances will be reconciled at the end of the month in which they occur, with the regular travel reimbursement. A copy of the request will be kept for the reconciliation process. The employee must settle the advance account at the end of the month.
4. The Executive Assistant will prepare the general journal entry reclassifying the travel advance.
5. Travel expenses incurred by the Executive Director will be submitted to the Board Treasurer for approval.

Travel

1. All out-of-area travel must be approved in advance by the program director or the Executive Director.
2. Each employee will complete the travel reimbursement form on a semi-monthly basis. This will be submitted within the payroll period.
3. Mileage to and from an employee's residence to the location of his or her work site will not be paid by TransCenter.
4. The cost of meals will only be reimbursed when an employee is in travel status. Travel meal expenses will be reimbursed at a per diem of \$35 per day or the documented costs of meals if above the per diem.
5. Reimbursement for mileage will be at the current applicable Internal Revenue Service Allowed Rate. Receipts must be attached to the travel form for lodging and common carrier (train, bus, airline) transportation. Receipts for all other out-of-pocket expenses, as practical, are required.
6. The program director or the Executive Director will approve the travel voucher.
7. Incomplete travel forms will be returned to the employee.
8. Checks will be prepared in accordance with section three (3) of this manual, "Cash Disbursements".

Travel allowances in excess of rate specified by the Internal Revenue Service must be reported as wages on IRS form W-2.

VI. CONSULTANTS

1. Written contracts clearly defining work to be performed will be maintained by the Executive Director for all consultation and contract services.
2. The qualifications of the consultants and reasonableness of fees will be considered in hiring consultants.
3. Consultant services will be paid for as work is being performed and upon receipt of an invoice.
4. The Executive Director will approve all proposed contracts.

VII. PROPERTY

1. Equipment will be defined as all items (purchased, government excess or donated) with a unit cost of \$5,000 or more and useful life of more than one year.
2. All invoices for the purchase of equipment with a unit cost of \$10,000 or more will be approved by the Board of Directors.

Physical Inventory

1. The Executive Director, with the help of any relevant parties, will prepare a listing of all equipment.
2. The Executive Director and/or designee will take a physical inventory of all equipment sixty days prior to the end of the fiscal year, indicating on the listing the condition and location of the equipment and insure that all equipment is properly marked.
3. The Executive Director and the program directors will review the property listing annually and prepare a report for the Board of Directors.
4. Inventories will be adequately safeguarded against loss, theft, or physical misuse.
5. The Executive Director will be notified immediately of all cases of loss, damage or destruction of equipment and will make a report to the Board of Directors.

Purchase of Equipment

1. All items costing \$10,000.00 or more will be approved by the Board of Directors and the appropriate funding source (if funding source requires notification).
2. Only equipment necessary to the completion of a program will be purchased for that program.
3. The purchase of equipment will comply with the procedure in Section IV of the manual, "Purchasing."
4. All equipment will be recorded in the general ledger by the Executive Assistant. An entry must be made whenever the property is disposed of or acquired. The inventory listing will be reconciled to the general ledger on an annual basis.

Supplies

1. Supplies are the responsibility of the Executive Director and the program directors; they will keep an inventory of those supplies, which will be reviewed by the Executive Director.

VIII. CAPITALIZATION POLICY

It is the policy of the agency to expense assets in the period purchased if these assets cost \$5,000 or less individually. Assets costing in excess of \$5,000 individually will be capitalized and depreciated in accordance with the agency's depreciation policies. Repairs and improvements to real property and leasehold improvements will be capitalized if they cost in excess of \$5,000.

IX. LEASES

1. Legal counsel will review leases prior to approval when necessary.
2. All leases will be approved by the Executive Director.
3. Leases for space or items over \$10,000 must be approved by the Board of Directors.
4. Leases will correspond to program years whenever possible.
5. Copies of all leases will be kept by the Executive Director.
6. All leases will include the statement "All obligation of the Lessee under this lease shall terminate upon termination of funding by Lessee from its primary funding source."

X. INSURANCE

1. Insurance policies will be maintained in insurance files by the Executive Director.
2. Insurance policies will correspond to the program year whenever possible.
3. Insurance policies will be carefully reviewed by the Executive Director and the Board of Directors before renewal.
4. Reasonable adequate coverage at least to the level required by funding sources will be maintained for motor vehicle, other property, and liability insurance.

XI. TELEPHONES

1. Employees should limit making or receiving personal telephone calls during working hours. Employees must receive permission for long-distance calls and list the call on the "Long Distance Call Log", so they can reimburse TransCenter when the bill is received.

XII. BOOKS OR ORIGINAL ENTRY

1. TransCenter will utilize a double entry system for all accounting for all funds.
2. The Executive Assistant will record all receipts and disbursements in the computerized ledger and will prepare the entry for input into the accounting system.
3. The Executive Assistant will prepare general journal entries as needed. Adequate documentation will be maintained to support all entries.
4. At the end of the month, the Executive Assistant for TransCenter's schools will interface the paid transactions into the general ledger, post the general journal entries in the general ledger, and prepare a trial balance.
5. Expense accounts in the general ledger will correspond to the budget, as much as possible.
6. The Executive Director and the program directors will review the books and trial balance at the end of the month.
7. A monthly budget status report will be generated by the Executive Assistant which will be reviewed by the Executive Director, the Board Treasurer, and the program directors.

XIII. COST ALLOCATION PLAN

1. TransCenter for Youth, Inc. codes all expenses as either direct or indirect. Direct expenses are defined as program costs that can be specifically identified with a program or programs. Direct expenses are charged to specific line items within the program budget. Indirect expenses are defined as those expenses that cannot be specifically or easily identified with a particular program but rather provide a benefit to every program.
2. Within each program, if there is more than one funding source, costs will be allocated by direct use. Any shared indirect costs will be allocated by percentage of time, percentage of space, or percentage of students involved in the activity, whichever is appropriate.
3. The salaries and fringe benefits of the Executive Director and the Executive Assistant will be allocated to the schools based on the time spent administering the programs.
4. The percentage of the salary and fringe benefits of the Executive Director and the Executive Assistant covered by the schools will be allocated to each school based on each school's number of students as a percentage of the total number of students served by all of the agency's schools. Each program in the agency absorbs its fair share of administrative expenses based on this allocation system.

XIV. GRANTS AND CONTRACTS

1. Copies of all grants and contracts will be immediately forwarded to the Executive Director.
2. Grant and/or contract numbers for subcontractors will be assigned by the Executive Director.
3. The Executive Director will carefully review each award to insure that all financial and programmatic provisions are being met.

XV. BUDGETS

1. Financial budgets will be prepared by the Executive Director and the program director for each program.
2. Budgets will be presented to the Board of Directors for review and approval.
3. A monthly review of the budget vs. actual costs will be made by the Executive Assistant which will be reviewed by the Executive Director. Any modification to the budget required by the funding source will be submitted and approved as needed.

XVI. REPORTS

1. Monthly "Expense Reports" by funding source will be prepared by the Executive Assistant for the TransCenter schools. They will be reviewed by the Executive Director, the Board Treasurer, and the program directors and will be made available for review by other relevant parties as appropriate.
2. The Executive Assistant and the program directors (as applicable) will prepare information for monthly and quarterly reports to the funding source, as required.
3. The Executive Director will review and approve all reports to funding sources.
4. The Executive Director will prepare and maintain on a current basis, a listing of reports and due dates.
5. It will be the responsibility of the Executive Director to insure that all reports are submitted in a timely manner.

All subcontractors will prepare monthly reports to be submitted to the TransCenter by the 10th day of the following month.

XVII. OTHER

Program Income Accounting

1. Program income will be used to reduce the total cost of the program generating the income.
2. Donation of cash and non-program related income will be separately accounted for.
3. Fund-raising activities and solicitation and acceptance of contributions, gifts, grants, etc. with related restrictions or requirements will be approved by the Board of Directors.
4. A record will be kept of all donations, including the donor's name, amount, date, and any related restrictions of all contributions or gifts received.

Accounts Receivable

1. The amount of all pledges and receivables will be recorded when received or earned.
2. Documentation will be maintained for accounts receivable.
3. Accounts receivable will be reviewed monthly and annually by the Executive Director and the Board Treasurer.

Form 990

1. The auditor will prepare form 990, Return of Organization Exempt from Income Tax. The Executive Director will review and sign form.

Corporate Reports

1. The Executive Director and/or Independent CPA will prepare all federal and state reports necessary for a corporation and will file them in a timely manner. Copies will be maintained at TransCenter.

XVIII. INVESTMENT POLICY

TransCenter does not currently make investments. All monies and resources received are invested in our mission. In the future, the Board of Directors may consider the creation of an endowment for the long-term benefit of the TransCenter's programs.