



Red Rock Center For  
**INDEPENDENCE**

# Fiscal Policies & Procedure Manual

Authorized by RRCI Board of Directors  
10/2016

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## Table of Contents

Introduction.....	1
Consistency with Independent Living Program Purpose and Philosophy .....	1
Board, Staff and Consultant Responsibilities.....	1
Board of Directors (and Committees).....	1
Executive Director .....	3
Bookkeeper .....	3
Office Manager.....	4
Outside CPA .....	4
Financial Procedures and Controls.....	4
Security of Financial Information and Other Records.....	4
Segregation of Responsibilities .....	5
Line of Credit.....	5
Petty Cash.....	5
Cash Receipts.....	6
Accounts Receivable Collection or Write-off .....	6
Investment Policy .....	7
Federal Drawdowns .....	8
Expense Allocations.....	8
Grant Administration and Payment System .....	8
Check Preparation and Signatures .....	9
Bank Reconciliations.....	9
Payroll and Time and Effort Reporting Procedures .....	9
Debit and Credit Card Procedures .....	10
Travel .....	11
Accounting for Donated Services .....	12
Financial Reports.....	13
Balance Sheet.....	13
Statement of Income and Expenses and Budget Comparisons .....	13
Other Financial Reports .....	13
Information Technology Controls.....	14
Purchasing Policy .....	14
Objectives of the Policy .....	14
Overview .....	14
Responsibility for Purchasing.....	15
Ethical Conduct in Purchasing .....	15
Conflicts of Interest Prohibited .....	15
Conflict of Interest .....	15
Procurement under State or Federal Awards .....	16
General Procurement Standards .....	16
Competition .....	17
Purchase Thresholds.....	17
Exceptions to Competitive Bidding.....	18
Minority Businesses and Woman-Owned Businesses .....	18
Uncertainties and Violations.....	19

Program Income .....	19
Property and Equipment .....	19
Personnel Records .....	20
Reports to Funding Agencies and Organizations .....	21
Appendix I Forms and Other Attachments .....	22
Credit Card Agreement.....	22
Appendix II Compliance with Uniform Guidance and HHS Regulations and Indirect Cost Rate.....	24
Supporting Documentation .....	24
Allowability of Costs (based on Uniform Guidance 200.403) .....	24
Reasonable Costs (based on Uniform Guidance 200.404) .....	24
Allocable Costs (based on Uniform Guidance 200.405) .....	25
Indirect Cost Rate Proposal.....	26
Appendix III Policy for Records Retention .....	27

## Introduction

Red Rock Center for Independence (RRCI) is a 501(c)(3) nonprofit organization that provides services to and supports community inclusion for people with disabilities. The Center for Independent Living (CIL) was created by people with disabilities seeking full integration into society. RRCI accomplishes its mission by empowering people with disabilities with the practical skills and self-confidence to take control over their lives and become active members of the community in which they live. RRCI also works to promote access and change within society and responds with programs and services to meet the needs of people of all ages with a wide range of disabilities.

This manual describes the policies and procedures followed at RRCI to ensure that financial statements conform to generally accepted accounting principles; assets are safeguarded; regulations or guidelines of grantors and donors are followed; and that finances are managed with accuracy, efficiency, and transparency.

As a nonprofit recipient of federal grant funds, RRCI will comply with the General Principles in Uniform Guidance to ensure costs are reasonable, allowable, and properly allocated.

Following these policies and procedures will help safeguard RRCI's assets and ensure that they are used for appropriate purposes based on organizational objectives, the requirements of funders, other applicable rules and regulations, and best practices for nonprofit organizations.

## Consistency with Independent Living Program Purpose and Philosophy

All activities and operations shall be consistent with the independent living approach. Specifically, expenditures for activities funded through Title VII, Chapter 1, Part C, of the Rehabilitation Act of 1973, as amended by The Workforce Innovation and Opportunities Act of 2014 (WIOA), will be consistent with the IL program purpose and philosophy, particularly in the delivery of IL core services and other IL services.

## Board, Staff and Consultant Responsibilities

The following is a list of parties who have fiscal, administrative, or accounting responsibilities:

### *Board of Directors (and Committees)*

- Set, oversee and clearly articulate the organization's vision, mission, and values.
- Provide leadership and strategic direction for the mission, budget, and development initiatives that sustain RRCI.
- Set a proper tone for RRCI by articulating a code of ethics, mandating compliance with the code, showing no tolerance for dishonesty, questioning unusual transactions or activities, and supporting appropriate training.

- Review and approve the annual budget prior to the beginning of the fiscal year, and any subsequent budget modifications, and ensure that, in the case of IL Part C funds, Administration for Community Living (ACL) pre-approval of budget modifications are obtained, in accordance with requirements of the contract between the Center, the Designated State Entity, and ACL.
- Appoint board members who will have signing authority and establish the limits or circumstances that require dual signatures with the executive director.
- Ensure all expenditures of federal funds by RRCI are adequately documented and allowable, that those expenditures are allocable and reasonable according to federal cost principles, and that the organization meets all applicable federal requirements.
- Review periodic financial and programmatic reports. Conduct such reviews no less frequently than once each quarter.
- Develop and approve the job description for the executive director.
- Select a qualified executive director and communicate this selection to funders and the community.
- Hire the executive director and establish the salary and benefits for the position based on responsibilities and on comparative information either from other CILs in the state or other organizations in the community.
- Review the executive director's performance annually and establish salary increases if appropriate.
- Review and approve internal controls and accounting policies and procedures.
- Serve as a resource to the executive director in implementing internal controls.
- Assess risk periodically, determine the adequacy of internal controls and determine the types and amounts of insurance coverage required for the organization.
- Review contracts with third parties if those contracts are for \$25,000 or more.
- Assign a member(s) to co-sign any check in excess of a dollar amount established by the board, or when a check is made out to the executive director.
- Assign a member(s) to review and approve all expenses reimbursable to the executive director or charged directly by the executive director, such as the detail on any credit card issued to the executive director, before payment of the charges.
- Review monthly bank statements including checks, electronic payments, transfers and other transactions to identify any irregularities.
- Determine whether RRCI should have a federal compliance audit under Uniform Guidance and, if so, select and contract with the auditor.
- Review RRCI's compliance periodically and assure that whistleblower protection policies are in place for anyone reporting suspected illegal acts, waste, fraud or abuse of funds.
- Verify RRCI is not involved in any impermissible political activities or lobbying activities.

## *Executive Director*

- Provide continuous leadership in the implementation of the mission, strategic direction, budget, and objectives set by the board of directors.
- Ensure that a comprehensive, accurate budget and subsequent modifications are developed annually and presented to the board of directors for review and approval.
- Review key monthly financial reports (such as balance sheet, income and expense report, and budget comparison).
- Present key financial and programmatic reports to the board of directors or assigned committees. Provide complete and accurate explanations of the reports. Describe any changes, discrepancies or variances in any of the reports, including the budget comparison report. Highlight any aspects of the reports or the organization's financial position of which the board should be aware in fulfilling its leadership role.
- Review and approve all program expenditures to verify that they are reasonable, allowable, and properly allocated.
- Review and approve invoices and reimbursement requests and other supporting documentation.
- Review and sign or co-sign checks.
- Review payroll journals (reports of time worked and pay rates by individual) to ensure hours worked and rates are complete and accurate.
- Perform a review of timesheets prior to payment by bookkeeper.
- Following the board and bookkeeper's reconciliation of bank statements, review all associated documents.
- Review written support documentation for drawdowns and approve drawdowns prior to initiation.
- Ensure adherence to all internal controls is thorough and complete.
- Initiate donor thank-you letter acknowledgements and maintain donor records.
- Review insurance with the board of directors on an annual basis to be sure that RRCI has proper liability, fire and theft, workers' compensation, disability, and other appropriate coverage. Report to the board on the organization's insurance status and recommend changes as needed.

## *Bookkeeper*

- Prepare monthly financial reports including a balance sheet, income and expense report, budget comparison, and other key financial reports for review by the executive director and board of directors.
- Reconcile the bank account under the direct supervision of a Board Member within 10 days of receipt.
- Enter various transactions into the accounting system, such as deposits, payroll, in-kind donations, and debit or credit card transactions.

- Calculate drawdowns based on allowable, allocable, and reasonable expenses.
- Backup accounting software.
- Prepare 1099s annually.
- Prepare and print paychecks and provide them to the executive director with supporting documentation.
- Review or prepare all federal and state quarterly and annual payroll tax reports, and prepare checks for tax deposits.
- Prepare documentation required for workers' compensation insurance audits.
- Classify receipts, expenditures, and payroll properly by account and object of expenditure.
- The Bookkeeper will notify the executive director, in writing, of the amount of funds to be transferred from the interested bearing account to the checking account to cover expenses.

#### *Office Manager*

- Mail checks developed by bookkeeper to designated vendors.
- Stamp each vendor invoice with a "PAID" stamp and insert the paid date.
- Prepare deposit slips for documentation in database by bookkeeper.
- Train receptionist(s) regarding mail and cash handling procedures.
- Perform Human Resource Management duties as per procedure.

#### *Outside CPA*

- Prepare annual nonprofit organization filings.
- Perform audits or reviews of RRCL's financial statements.

### Financial Procedures and Controls

#### *Security of Financial Information and Other Records*

Financial management records, electronic and printed, will be secured at all times. Access to those records will be restricted to those whose job responsibilities require access.

Access to the accounting system will be limited to those whose job responsibilities require such access. Each individual will have his or her own password for the system. If security requirements of the accounting system provide for different levels of access to separate modules, the access rights of each individual will be based on their job-related level of need for access.

Consumer records, donor records, and personnel records will be kept in a locked area with access limited to those whose job responsibilities require access.

## *Segregation of Responsibilities*

The board and staff of RRCI will ensure the appropriate level of segregation of duties at all times. The board and staff will accomplish that by following the policies and procedures included in this manual.

## *Line of Credit*

Any action by and on behalf of the organization related to borrowing money, establishing or canceling lines of credit must be specifically approved by the Board of Directors via recommendation of the Finance Committee. The organization can maintain an approved line of credit agreement with a financial institution as a means of risk management and to support cash flow. Based upon staff recommendation, the Finance Committee must approve any borrowing against the line of credit. Any one officer listed on the line of credit agreement may contact the bank to draw on the line of credit. Staff will be responsible for paying down the line of credit as soon as funds are available and reporting back to the Finance Committee or the Treasurer within two working days that this has been accomplished.

## *Petty Cash*

Petty cash funds are maintained by the organization. The funds are to be used for miscellaneous or unexpected purchases and the same approval procedures apply as mentioned in the cash disbursement section.

- The petty cash fund will not exceed \$300 and is kept in a locked file cabinet at all times.
- The Office Manager and Executive Director oversees the petty cash fund.
- All disbursements made from petty cash are acknowledged in writing by the receiving and dispensing party.
- All money returned to the petty cash fund is counted and verified by the Office Manager and another staff member. Receipts for items purchased with petty cash must be included with the return and should include appropriate account allocations as well as supervisor approval.
- The Office Manager and the Bookkeeper together will periodically count the cash in the petty cash fund. A check signed by the Executive Director or Board Member will be issued for the amount needed to refresh the fund based on the receipts and the count. The check will be signed per check policy and cashed in order to replace funds.
- No checks will be cashed by the petty cash fund.



## *Cash Receipts*

Blank checks, checks or cash held for deposit, and checks held for employees or vendors will be kept in a locked area with access limited to those whose job responsibilities require access.

Cash receipts generally come from the following sources:

- Contracts and grants (federal and other)
- Direct donor contributions
- Fundraising activities

Incoming mail will be opened by a staff member designated by the Executive Director. When checks or cash are received, he or she will perform the following tasks:

- 1) Stamp the back of any checks received "For Deposit Only."
- 2) Count any cash received.
- 3) Complete a deposit slip.
- 4) Make a photocopy, or electronic copy of any checks received and any accompanying documentation.
- 5) Make timely bank deposits at least once each week.
- 6) Obtain an office copy of the receipted bank deposit.
- 7) Provide a copy of the checks and deposit slip and receipt (or check scanning report) to the accountant to record in the accounting system.

Under no circumstance shall the Bookkeeper perform any of the above seven tasks.

## *Accounts Receivable Collection or Write-off*

On occasion, RRCI prepares invoices for payment or reimbursement for services rendered. In the event that an invoice remains outstanding for more than 60 days, the following procedures will be implemented.

- 1) All contact with the delinquent entity will be documented on a continuous contact sheet. The sheet will contain the date and method of contact and the name of the person involved in the discussion.
- 2) The Bookkeeper will notify the Office Manager of an unpaid invoice of more than 60 days.
- 3) The Office Manager will contact the company to which the invoice was submitted.

- 4) If funds have not been received within 15 days of the initial call, the Office Manager will conduct a follow up.
- 5) If funds have not been received within 10 days of the follow up call, the Executive Director will produce and mail a letter of demand with a copy of the invoice.
- 6) Unpaid accounts receivable more than 120 days old and under \$500 will be written off.
- 7) Unpaid accounts receivable more than 120 days old and more than \$500 will be outsourced for collection.

### *Investment Policy*

All donated funds reside in the interest bearing money market account to ensure liquidity and interest. Unrestricted funds are tracked and reported to the Board during monthly meeting. Should unrestricted funds exceed a six-month reserve, the board will invest the balance of the funds in an agreed upon manner.

In all instances, donor intent shall be respected when decisions are rendered concerning the investment or expenditure of donor restricted funds. If a donor, in the gift instrument, has directed that appreciation not be spent, RRCI shall comply with that directive and consider it when making decisions regarding the management and investment of the fund. Any attempt to lift restrictions on any fund shall be conducted in full compliance with the law.

In accordance with RRCI understanding of the law the Finance Committee must consider the purposes of both RRCI and our assets in managing and investing institutional funds. All individuals responsible for managing and investing RRCI institutional funds must do so in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. In making any decision relative to the expenditure of institutional funds, each of the following factors must be considered, and properly documented, in the minutes or other records of the applicable decision-making body:

- General economic conditions;
- Possible effect of inflation or deflation;
- Expected tax consequences, if any, of investment decisions or strategies;
- The role that each investment or course of action plays within the overall investment portfolio of the fund;
- Expected total return from the income and appreciation of investments;
- Other resources of the organization;

- The needs of the organization and the fund to make distributions and preserve capital;
- An asset's special relationship or special value, if any, to the organization's purposes.

### *Federal Drawdowns*

Drawdowns from the federal government or other funders will be made to cover the amounts that have been expended and not previously vouchered and other amounts that will be paid shortly after draws are received. The bookkeeper will calculate and document the draw needed to cover these amounts.

It is the policy of this organization, consistent with federal regulation, to not draw down federal funds in advance of costs to manage cash flow.

RRCI will minimize the time that elapses between the transfer of funds to RRCI from the U.S. Treasury and the payment of related expenses as follows:

- The Bookkeeper will prepare a list of payroll and accounts payable supported by documentation, such as approved invoices with allocations to each grant source, and present this information to the Executive Director.
- The Executive Director will identify checks to be written, after ensuring that costs are reasonable, allowable, and properly allocated.
- Following electronic or written request by the Bookkeeper, the Executive Director will draw the direct deposit funds for the actual amount needed to cover only those checks allocated to that grant.

Password access to the federal payment system will be maintained by the Executive Director or his/her designee.

### *Expense Allocations*

Payroll and other costs that benefit a single program or cost objective shall be assigned solely to that program or cost objective. Most expenses that benefit more than one program or function (typically administration, rent and other occupancy costs, and minor expenditures such as shared supplies) are allocated to each program or department using a shared cost method, based on RRCI's Indirect Cost Rate approved by the cognizant federal agency.

All expenditures of federal funds must be adequately documented to be considered allowable.

### *Grant Administration and Payment System*

## *Check Preparation and Signatures*

The Executive Director or his/her designee will authorize the payment of expenses related to the operation of RRCI. This includes payment of payroll, payment for products/services received, and lease and contract payments.

Outgoing checks require one signature for checks under \$700 and two signatures for checks of \$700 or more, from the approved list. The list of potential signers is approved by the Board of Directors, and signature cards are updated as required with the center's banking institution. Changes to the list of names must be approved by the Board. The approved list must include, at a minimum, the Treasurer, President, and Executive Director. Checks written to an RRCI employee or Board Member shall be signed by an individual other than the person to whom the check is written.

All disbursements will be supported by adequate documentation such as timesheets for time worked, invoices and/or check requests for other disbursements and reimbursements. In no case will expenditures be made without the supporting documentation being reviewed and approved.

Invoices that are received electronically are printed, and are subject to the same review, approval, and processing procedures as paper invoices that are received.

Signed checks must be mailed by the Office Manager.

Checks will be pre-numbered in sequential order. Access to unused checks is limited to individuals authorized to prepare checks (i.e., the Bookkeeper). All voided checks should be retained and defaced with the signature portion of the check removed. All checks should be accounted for.

## *Bank Reconciliations*

Bank accounts will be reconciled as outlined in the responsibilities section of this manual.

## *Payroll and Time and Effort Reporting Procedures*

All employees are required to complete, sign, and submit time sheets and personnel activity reports meeting the requirements of Uniform Guidance. These requirements are met with a single combined document. An exception to this procedure exists. The Executive Director has no direct supervisor in a position to attest to personnel activity reports and no one can attest to the actual personnel activity report of the Executive Director. A supervisor counter signature is not required on the Executive Director's report. Because of extensive geography of the service area, electronic signatures on time sheets and personnel activity reports are acceptable.

### Payroll Procedures

Time sheets completed by each employee accurately account for all time worked during each payroll period. After approval of time sheets, the Bookkeeper will enter

time worked into the payroll processing system. The Bookkeeper will prepare checks or electronic deposits and maintain a record of payroll by person. The Executive Director will review the record of payroll by person for accuracy, including proper rates and hours. Direct deposits processes will be administered by the Bookkeeper. Checks for payroll and contracted workers are sealed in envelopes by the Executive Director, and held by the Office Manager in a locked area for distribution.

### Personnel Activity Reports (PARs)

The time and effort of all employees charged to programs, grants or activities will be supported by a personnel activity reports or other documentation that clearly shows the distribution of activity of each employee. RRCI uses this documentation to verify the way employees' time is split between cost objectives. This requirement applies to supervisory and nonsupervisory employees, as well as to hourly and salaried employees. Each PAR—

- Must be an after-the-fact record of actual time worked. It cannot be dated before the end of the time period. **Budget estimates determined before the work is performed do not qualify.**
- Must account for the total activity (100%) of the time for which the employee is compensated.
- Must be signed by the employee and supervisor, with printed names, titles, and dates for each signature. Signatures certify that the percentage of time being reported under each objective is correct. The supervisory official will have firsthand knowledge of the activities performed by the employee. There will be a notation that the distribution of activity represents a reasonable estimate of the work actually performed by the employee.
- Will be prepared at least monthly and will coincide with one or more payroll period(s).

### *Debit and Credit Card Procedures*

RRCI has debit, and credit cards that can be used subject to the following requirements:

#### Use of Cards by the Executive Director

The Executive Director of RRCI is authorized to utilize debit, credit, and store charge cards, subject to a limit of \$700, for the purchase or payment of allowable costs/expenses related to the normal operation of the programs and services of RRCI. This includes but is not limited to:

- postage expense
- travel expense
- supplies expense
- equipment purchase

The Executive Director will follow all procedures as noted on signed Credit Card Use Agreement stored in his/her personnel file.

### Use of Cards by Other Staff

Other staff may use cards for the purchase or payment of cost/expense related to the normal operation of the programs and services of RRCI with prior approval from the Executive Director. Prior approval must be received in writing, by email, or over the phone. If approval is by phone, the date, time of approval, and type and amount of the expenditure approved will be noted by the Executive Director and made part of the supporting documentation. Staff members with assigned credit cards will abide by the signed Credit Card Use Agreement stored in his/her personnel file. (See Appendix I for Credit Card Agreement.)

### Debit Card Purchases Are Limited to the Following Areas:

- postage
- travel
- supplies
- equipment purchases

### Lost or Stolen Cards

If a debit or credit card is lost or stolen, the person designated with responsibility for the card must report the loss or theft to the Executive Director immediately. The Executive Director will immediately contact the bank to cancel the card and request a different card. The Executive Director will document the circumstances and when the bank was contacted, and determine if other steps are needed based upon the circumstances related to the lost or stolen card.

### Credit Card Codes and Passwords

No staff member is allowed to change the original code/password for the debit card that they utilize without permission from the executive director.

### Misuse of Credit or Debit Cards

If staff abuse or misuse a card, the Executive Director will require the staff member to relinquish the card to the executive director. The Executive Director will determine if other steps are needed based upon the circumstances related to the misuse of the card, up to and including initiation of civil or criminal proceedings. If the Executive Director abuses or misuses a card, the card must be relinquished to the Board Chair or Treasurer. The board will determine if other steps are needed based upon the circumstances.

## *Travel*

Travel outside of the assigned service area can be reimbursed to staff, board, volunteers, and consumers (if provided as part of a consumer's IL goals such as education/community participation). This includes travel necessary for participation in state/regional committees or task forces, attending workshops, conferences or other trainings, advocacy, development and/or networking activities.

### Pre-Approval of Travel

All reimbursable travel must be allowable, allocable, reasonable, and necessary to achieve the purposes of RRCI and the involved funding sources, in accordance with federal cost principles and RRCI's approved budget and written travel policies and procedures; and must be pre-approved by the individual's immediate supervisor and/or the Executive Director. The approving individual has authority about the mode of travel that will be reimbursed, and preference will always be given to the mode that is the most economic and efficient (e.g., coach rather than first class airfare). Any reasonable accommodation needs will be considered in this determination.

### Reimbursement and Documentation

Documentation for the cost of and purpose for travel must be submitted for reimbursement. A travel reimbursement request with supporting documentation must be submitted within 30 days of travel.

Individuals requiring a vehicle for travel must use a vehicle provided by RRCI. Should an agency vehicle be unavailable, reimbursement for approved business use of personal vehicles will be based on rates established by RRCI that do not exceed the federal approved rate. The Executive Director and Office Manager are authorized to use their personal vehicles for business use.

### Per Diem

Meals for out-of-area travel will be reimbursed at rates identified in the current Employee Handbook.

To receive Per Diem reimbursement for meals associated with out-of-area travel, travel must begin before or be inclusive of 7:00 am (for breakfast), 10:00 am – 1:00pm (for lunch) and/or end after 7:00 pm (for dinner). Meals associated with local networking opportunities may be reimbursed upon prior approval of the Executive Director.

## Accounting for Donated Services

The objective of accounting for donated services is to comply with generally accepted accounting principles and with requirements for annual filings. RRCI will also track and document in-kind items that qualify for Grant Matching.

Fair value will be determined at the date of the gift. Services will only be recorded as donations if:

- Services are performed as part of RRCI's programs or services, and would otherwise be performed by paid personnel.
- RRCI has control over the activities of the donors of the services.

- RRCI has a clearly measurable basis for the amount claimed. The following in-kind items will be recorded in the accounting system:
  - Items intended to be used or controlled by RRCI (for example: a computer or copier that would be used by RRCI; or adaptive equipment, the use of which RRCI oversees).
  - Donated use of items or facilities, such as real estate.
  - Donated services that are key to RRCI's operations, programs or services and have been performed by specialists (such as review of contracts by an attorney).

## Financial Reports

The following financial statements are prepared:

### *Balance Sheet*

- Assets (what we have)
- Liabilities (what we owe)
- Net assets (what's left)

The balance sheet is created as of a particular point in time, such as month-end.

Net assets will be classified as restricted by donors, designated by the board for use in certain areas, or as available for use where needed.

### *Statement of Income and Expenses and Budget Comparisons*

These statements report contributions received and income earned, as well as expenses for payroll and for products and services received. Reports will be generated for a period of time such as a month and/or year-to-date and may be compared to the prior year, and/or to budgeted amounts.

### *Other Financial Reports*

Quarterly, a Federal Fiscal Report (FFR) must be submitted to the Grant Solutions before the next quarter's Part C funds can be drawn. An accurate form SF-425 required for IL part C funds will be submitted to ACL by December 31 each year. Other financial reports will be prepared for review as requested by the Board of Directors, or its finance or audit committee including:

- Cash flow report
- Statement comparing budget to actual for the period and Year to Date
- Cash flow forecast
- An aging of accounts payable
- An aging of accounts receivable



## Information Technology Controls

Information technology controls are created to protect confidential information, preserve financial data, and operate efficiently.

RRCI will properly protect its electronic information with the following procedures:

- Backups of important data will be made and stored off-site or in the cloud periodically.
- Backups will be verified at least quarterly to make sure they are working.
- Suspected malicious emails will be reported to Office Support Staff and promptly deleted.
- Surge protectors will be used on all computers and UPS/battery backups will be used on the server.
- Access to computers with confidential information will be limited to those needing access required for the performance of job duties.
- Access will be immediately removed when someone leaves or is terminated.
- Secure passwords will be used and changed at least quarterly.
- Up-to-date anti-virus protection, ad-blocking, and anti-spam software will be used.
- Any remote devices such as laptops, smart phones or notepads that are integrated with the computer system will be secured with passwords and/or encrypted, and set up to allow remote deletion of confidential information.
- Hard drives will be defragmented periodically, error logs will be reviewed for potential problems, and problems will be remedied.
- License and warranty information will be maintained in a secure central location.

## Purchasing Policy

### *Objectives of the Policy*

RRCI's policy has the following objectives:

- Limit purchases to necessary items.
- Minimize the possibility of theft or misuse.
- Control costs while ensuring quality.
- Comply with federal or other regulations where applicable.
- Properly identify the nature and program or supporting service of the purchase.

### *Overview*

It is the policy of RRCI to follow ethical, responsible, and reasonable purchasing procedures. These policies describe the principles and procedures to be followed by all staff in connection with their purchasing responsibilities.

### *Responsibility for Purchasing*

All purchases will be approved by the Executive Director.

### *Ethical Conduct in Purchasing*

Individuals involved in the purchasing process will discourage the offer of, and decline gifts or gratuities for themselves, their families or friends from potential vendors. They will never discriminate unfairly by dispensing special favors or privileges to anyone whether for remuneration or not.

### *Conflicts of Interest Prohibited*

Employees and members of the Board of Directors have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy establishes only the framework within which RRCI will operate. The purpose of these guidelines is to provide general direction for all employees and members of the Board of Directors. Employees are expected to seek further clarification from their supervisor on issues related to the subject of acceptable standards of operation if any question arises. Board members, as well as any employees involved in the procurement/purchasing process, are expected to disclose any potential conflict of interest and to remove themselves from discussion and decision making in any item of business in which they have a conflict of interest. *See Conflict of Interest Reporting Form in Employee Handbook*

### *Conflict of Interest*

An actual or potential conflict of interest occurs when the employee, officer, or agent, any member of his or her immediate family, his or her life partner, his or her business partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The basic principles that apply are that any potential conflict must be disclosed and the individual who has a potential conflict cannot be involved in decision-making related to the area in which they have a conflict.

No “presumption of guilt” is created by the mere existence of a relationship with an outside firm. However, when the individual has any influence on transactions involving purchases, contracts, or leases, it is imperative that they disclose to the Executive Director, or, in the case of a Board Member or the Executive Director, to the full board, as soon as possible the existence of any actual or potential conflicts of interest so that safeguards can be implemented to protect all parties. Personal gain is prohibited. Transactions are prohibited where the individual, partner or relative has significant ownership in a firm with which RRCI does business. Any kickback, bribe, substantial gift, or special consideration to an individual or relative is prohibited as a result of any transaction or business dealings involving RRCI in which the individual has influence.

Any employee found guilty of a conflict will be subject to disciplinary action.

Actual or potential conflicts of interest involving federally funded activities must be reported to the federal awarding agency.

## Procurement under State or Federal Awards

Procurement of goods and services that will be charged to state or federal awards received by RRCI is subject to all of the policies above and also to the following:

- RRCI will purchase only those items necessary for the performance of the duties required by a state or federal award.
- Where appropriate, an analysis will be made of lease versus purchase acquisitions to determine which would be most economical and practical.
- Documentation of the basis for contractor selection shall be retained when competitive bidding is performed; documentation for why competitive bidding was not done shall be retained.

Vendor contracts shall include a written statement that they have not been suspended or disbarred from doing business with any state or federal agency.

Davis-Bacon prevailing wage requirements for construction contracts must be met if required by the state or federal award.

## General Procurement Standards

Purchases must be necessary and reasonable for the performance of the federal or other award and shall be properly identified with an award(s). Economical purchase procedures (such as consolidation of purchases), and lease versus purchase, where appropriate shall be considered.

- Purchases shall be treated consistently as direct or indirect costs.
- Purchases treated as direct or indirect cost cannot also be used to meet cost sharing or matching requirements.
- Costs charged to federal and other awards shall be net of any applicable credits.
- Costs charged to federal and similar awards shall be allowable based on guidance.
- Costs shall be determined in conformity with U.S. generally accepted accounting principles.
- Contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals will be excluded from competing for such procurements.
- All solicitations shall include a clear and accurate description of the technical requirements for the material, product, or service to be procured.
- Documentation for purchases will be sufficient for an independent person to determine what was purchased, and for what purpose.
- Documentation for purchases shall be kept for at least 7 years and shall document the rationale for the method of procurement, the selection of the contract type,

contractor selection/rejection and basis for the contract price and verification that the contractor is not suspended or debarred.

## Competition

Purchases shall be conducted in a manner that facilitates competition.

No action shall be taken to limit competition such as:

- Placing unreasonable requirements on firms in order for them to qualify.
- Requiring unnecessary experience or excessive bonding.
- Specifying a brand name instead of allowing an equal product to be offered.
- Any arbitrary action in the procurement process.

Purchase solicitation shall identify requirements that are to be fulfilled, and shall incorporate a clear and accurate description of the item or service to be procured.

## Purchase Thresholds

Requirements vary based on the size of the purchase.

Micro purchases of supplies or services are those that do not exceed \$3,500 (these limits will be updated periodically).

Small purchase requirements apply when purchases are between \$3500 and \$150,000 (the current level of the Simplified Acquisition Threshold). These amounts will be indexed for inflation.

- Micro purchases shall be distributed among qualified suppliers but don't generally require competitive quotations.
- Small purchases will be made only after price or rate quotations are obtained from an adequate number of qualified sources. Prices can be obtained from published or online price lists.

Purchases in excess of the Simplified Acquisition Threshold, including services, equipment or supplies, purchases, leased or contracted for require a cost or price analysis (costs analysis evaluates cost components, price analysis evaluates the total price). These purchases shall be made only after receiving, whenever possible, quotations from at least three vendors. Selections shall be recommended to the Finance Committee for approval with quotations attached. Recommendation and selection shall be based on the following criteria:

- A clear and accurate description of the product or service to be purchased
- Skill and experience of key personnel
- Experience providing products or services to Red Rock Center for Independence.
- Any specific requirements we have included in our solicitation of bids
- Demonstrated commitment to the nonprofit sector
- Information received from vendor references

- Commitment to our time deadlines
- Cost
- Woman- or minority-owned business or qualified small business
- Preference for products and services that conserve natural resources and protect the environment, to the extent possible

Construction services shall be procured by sealed bids following formal advertising. Contracts shall be awarded to the responsible bidder whose bid conforms with all the material terms and conditions of the request for bids and is the lowest in price.

Vendor contracts shall include a written statement that they have not been suspended or debarred from doing business with any federal agency. Alternatively, RRCI shall check the SAM (System for Award Management <https://www.sam.gov/index.html>) vendor database. Davis-Bacon prevailing wage requirements for construction contracts must be met if required by the federal award.

### *Exceptions to Competitive Bidding*

Competitive bidding will not be required in certain limited circumstances including:

- The item is available only from a single source.
- An emergency or urgent need will not permit a delay for competitive selection.
- Staff or client health, welfare, or safety does not permit a delay for competitive selection.
- After solicitation of a number of sources, competition is deemed to be inadequate.

A written explanation shall be prepared and maintained whenever a normally required competitive selection is not used.

Documentation of the basis for contractor selection shall be retained when competitive bidding is performed. Documentation for why competitive bidding was not done shall be retained.

### *Minority Businesses and Woman-Owned Businesses*

The organization will take affirmative steps to encourage minority businesses, woman's business enterprises and labor surplus area firms to be used including:

- Identifying qualified organizations.
- Soliciting from these organizations.
- Dividing total requirements, when economically feasible, into smaller tasks to permit maximum participation by these organizations.

## Uncertainties and Violations

Any questions regarding compliance with this policy should be directed to the Executive Director or Board of Directors.

Deliberate violations of any aspect of this policy will be subject to disciplinary action including possible termination.

## Program Income

Program income is generated when RRCI receives payments for training, services provided or other similar income. If RRCI receives any program income for programs that are federally funded, the source and application of program income will be tracked to ensure that it is expended only on allocable and allowable costs. Specifically, program income will be added to the funds committed to the project by the federal awarding agency to further eligible project or program objectives or deducted from the total project or program allowable costs in determining the net allowable costs on which the federal share of cost is based. Program income will be reported on the Federal Financial Reports.

## Property and Equipment

Property and equipment include items such as:

- Office furniture and equipment
- Computer hardware
- Computer software
- Leasehold improvements

It is RRCI's policy to capitalize all items that have a unit cost greater than \$5,000 and a useful life of more than one year. Items purchased with a value or cost less than five thousand dollars and a useful life not exceeding one year will be expensed in the period purchased.

The depreciation period for capitalized assets is as follows:

Computer Hardware	36 months
Office Equipment	60 months
Office Furniture	60 months
Computer Software	36 months
Leasehold improvements	Length of lease

A Fixed Asset Log will be maintained by the accountant including date of purchase, asset description, purchase/donation information, cost/fair market value, donor/funding source, identification number, and the depreciable life of the asset.

Annually, a physical inspection and inventory will be taken of all fixed assets, and the accounting system will be updated to reflect any items that are disposed of or are no longer in service.

A control system shall be in effect to ensure adequate safeguards are in place to prevent loss, damage or theft. The Executive Director shall be informed in writing of items that are missing, have been disposed of, or are no longer in service. Any missing items must be investigated.

Depreciation is recorded at least annually. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Any impaired assets discovered during the inventory will be written down to their actual value.

## Personnel Records

All personnel files will contain the following documents:

- An application and/or resume
- Date of employment
- Position and pay rate
- Job description
- Performance evaluations
- Authorization of payroll deductions
- W-4 withholding authorization
- Termination data where applicable
- A signed confidentiality agreement
- A signed acknowledgement of receipt of Employee Handbook including the organization's whistleblower, drug-free workplace, lobbying, and conflict of interest policies
- An emergency contact form
- Other forms as deemed appropriate by the executive director

All employees will fill out an Employment Eligibility Verification (I-9) and submit the specified allowable forms of identification to the executive director.

The completed I-9 forms will be kept in a secure location separate from the personnel files.

All personnel files are to be kept in a secure, locked file cabinet and accessed only by authorized personnel, as assigned by the executive director.

## Reports to Funding Agencies and Organizations

RRCI is required to submit programmatic and financial reports periodically to funders and oversight agencies. In all cases, RRCI will keep a paper or electronic file of documentation supporting financial, unit of service, programmatic, and other information included in the report along with a copy of the report itself.



## Appendix I Forms and Other Attachments

### Credit Card Agreement

You may have been granted the privilege of having a RRCI credit card. Your credit card is a convenience that carries responsibilities along with it. Although this card is issued in your name, it is RRCI property and must be used with good judgment. By signing this agreement, you acknowledge that you understand and will comply with all of the RRCI guidelines, as listed below.

***I, as an authorized and approved cardholder have been trained and fully understand and agree to the following terms and conditions regarding the use and safekeeping of the credit card entrusted to me:***

I accept full personal responsibility for the safekeeping of the credit card assigned to me, and that absolutely no one, other than me, is permitted to use the credit card assigned to me. All charges are ONLY associated directly to the cardholder;

I understand that ALL purchases made on my assigned credit card MUST be PRE-APPROVED by the Executive Director and supported by receipts;

I will be making financial commitments on behalf of RRCI and will obtain fair and reasonable prices. For Example: No First Class Tickets;

Pre-approved, qualified per diem for food will be purchased with the credit card for the employee only. Traveling companions do not qualify for per diem. Only pre-approved, qualified per diem for food, up to the State of Utah rate, may be charged to the credit card, Section 14;

I will submit my receipts within two (2) days after completion of a purchase, showing expenses incurred with all required receipts attached to the expense report, marked with my initials;

When I use my credit card, I understand that these purchases will result in a "receivable" against me and I am responsible for repayment of any of these charges deemed not allowable when Expense Report is submitted. I further understand that any unallowable amount must be repaid to RRCI within 10 days after the Expense Report has been filed;

In the event that I fail to repay any non-allowable amount, RRCI is authorized to withhold the full amount from any payment (s) due me from RRCI, including payroll checks, as repayment. I understand that failure to follow these provisions more than once within any 6-month period will result in suspension of my credit card;

I will not use the Credit card for non-RRCI related expenses, unauthorized purchases, or for personal purchases;

I will immediately report the theft or loss of my credit card to the Bank and RRCI's business office or Executive Director;

I understand that I cannot use the credit card as a financial reference to obtain personal credit cards or loans;

I understand that I am personally responsible for obtaining ALL original detailed receipts (purchase and credit documents) and submitting them in accordance with RRCI credit card procedures, for those purchases where a receipt is required;

I understand that any purchases made by me will be recorded and reviewed, to insure compliance with credit card guidelines;

I understand that failure to follow any of the above listed terms & conditions or if found to have misused the credit card in any manner may result in; revocation of the privilege to use the credit card; disciplinary action; termination of employment; and/or criminal charges being filed with the appropriate authority.

I agree to surrender the credit card immediately upon request or upon termination of employment for any reason.

## **Appendix II**

### **Compliance with Uniform Guidance and HHS Regulations and Indirect Cost Rate**

Red Rock Center for Independence is required to comply with Uniform Guidance, HHS, and other regulations. Centers should ensure policy manuals address the following requirements.

#### **Supporting Documentation**

It is the responsibility of the board and staff of the organization to ensure RRCI maintains adequate supporting documentation for all expenditures. Expenditures that lack adequate supporting documentation may be disallowed.

#### **Allowability of Costs (based on Uniform Guidance 200.403)**

To be allowable under an award, costs must meet the following general criteria:

- 1) Be reasonable for the performance of the award and be allocable thereto under these principles.
- 2) Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.
- 3) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the organization.
- 4) Be accorded consistent treatment.
- 5) Be determined in accordance with generally accepted accounting principles (GAAP).
- 6) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.
- 7) Be adequately documented.

#### **Reasonable Costs (based on Uniform Guidance 200.404)**

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 costs. In determining the reasonableness of a given cost, consideration shall be given to the following:

- 1) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.

- 2) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; federal, state, local, and other laws and regulations; and terms and conditions of the federal award.
- 3) Market prices for comparable goods or services for the geographic area.
- 4) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.
- 5) Whether the non-federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost.

#### Allocable Costs (based on Uniform Guidance 200.405)

- (a) A cost is allocable to a particular federal award or other cost objective if the goods or services involved are chargeable or assignable to that federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:
  - (1) Is incurred specifically for the federal award;
  - (2) Benefits both the federal award and other work of the non-federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
  - (3) Is necessary to the overall operation of the non-federal entity and is assignable in part to the federal award in accordance with the principles in this subpart.
- (b) All activities which benefit from the non-federal entity's indirect cost, including unallowable activities and donated services by the non-federal entity or third parties, will receive an appropriate allocation of indirect costs.
- (c) Any cost allocable to a particular federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the federal awards, or for other reasons. However, this prohibition would not preclude the non-federal entity from shifting costs that are allowable under two or more federal awards in accordance with existing federal statutes, regulations, or the terms and conditions of the Federal awards.
- (d) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any

reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a federal award, the costs are assignable to the federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required.

## Indirect Cost Rate Proposal

RRCI maintains an indirect cost rate proposal in accordance with HHS requirements. The proposal is on file and is subject to change annually.

## Appendix III Policy for Records Retention

**RRCI will follow these guidelines for the retention of records but will also comply with any longer retention requirements of funders.**

If RRCI has any active, pending or threatened litigation, audit findings or monitoring findings, records will be retained until all issues are fully resolved as determined by the board of directors.

Financial and programmatic records (including consumer service records) and supporting documents related to federal funding, compliance or performance shall be retained for a minimum of five years from the date in which the corresponding annual reports are submitted to RSA.

Paper and electronic records are subject to the same requirements.

This policy will be modified to accommodate any special requirements of funders or regulators.

At the end of the retention time frame, paper and electronic records will be destroyed.

A log of records that are purged and destroyed will be maintained.

Item	Useful life
Accounts payable ledgers and schedules	5years
Accounts receivable schedules	5years
Bank reconciliations	5years
Bank statements	5years
Checks (cancelled, but see exception below)	5years
Checks (cancelled for important payments, i.e., taxes, purchases of property, special, contract, etc.) (Checks should be filed with the papers pertaining to the underlying transaction.)	Permanent
Contracts, mortgages, notes and leases:	
Expired	7 years
Still in effect	Permanent
Correspondence	5years
Deeds, mortgages and bills of sale	Permanent
Depreciation schedules	Permanent
Duplicate deposit slips	2 years
Employment applications	3 years
Employee personnel records (after termination)	5years
Expense analyses/expense distribution schedules	7 years

<b>Item</b>	<b>Useful life</b>
Financial statements: Year-end Other	Permanent Optional
Garnishments	7 years
General ledgers	5years
Insurance policies (expired)	3 years
Insurance records, current accident reports, claims, policies, etc.	Permanent
Vouchers for reimbursement	5years
Invoices from vendors	5years
Journals (receipts, disbursements)	5years
Minute books of directors and stockholders, including bylaws and charter	Permanent
Notes receivable ledgers and schedules	7 years
Payroll records and summaries, including payments to pensioners	7 years
Personnel records (terminated)	7 years
Petty cash vouchers	5years
Property appraisals by outside appraisers	Permanent
Property records—including costs, depreciation reserves, end-of-year trial balances, depreciation schedules, blueprints and plans.	Permanent
Retirement and pension records	Permanent
Sales records	5years
Subsidiary ledgers	5years
Annual filings	Permanent
Time sheets/cards/books	7 years
Vouchers for payments to vendors, employees, etc. (including allowances and reimbursement of employees, officers, etc. for travel and entertainment expenses)	5years
Withholding tax statements	7 years