
ACCOUNTING POLICIES & PROCEDURES

The National Association of State Directors of Special Education, Inc.



TABLE OF CONTENTS

1. Introduction	3
2. Division of Responsibilities	4
3. Chart of Accounts and General Ledger	6
4. Cash Receipts/Cash Management	7
5. Inter-Account Bank Transfers.....	8
6. Purchase Request / Approval.....	9
7. Cash Disbursements	10
8. Credit Card Policy and Charges	12
9. Accruals	13
10. Bank Account Reconciliations.....	14
11. Petty Cash Fund	15
12. Property and Equipment.....	16
13. Personnel Records.....	17

14. Payroll Processing 18

15. End of Month and Fiscal Year-End Close 19

16. Financial Reports 20

16. Fiscal Policy Statements 21

1. Introduction

The purpose of this manual is to describe all accounting policies and procedures currently in use at National Association of State Directors of Special Education, Inc. (NASDSE) and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; and finances are managed with accuracy, efficiency, and transparency.

All NASDSE’s staff with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

2. Division of Responsibilities

The following is a list of personnel who have fiscal and accounting responsibilities:

Board of Directors (or applicable Board committee)

1. Reviews and approves the annual budget
2. Reviews annual and periodic financial statements and information
3. Reviews executive director's performance annually and establishes the salary reviews
4. Reviews and advises staff on internal controls and accounting policies and procedures
5. Receives and reviews annual outside audit.

Executive Director

1. Reviews and approves all financial reports
2. Sees that an appropriate budget is developed annually
3. Reviews and approves all grant submissions
4. Is on-site signatory for all bank accounts
5. Oversees the adherence to all internal controls
6. Performs financial duties as delegated by Board
7. Reviews annual budget to ensure it reflects NASDSE planned activities & programs
8. Reviews all bank statements for irregularities
9. Oversees the adherence to all internal controls
10. Reviews and approves purchases
11. Reviews and signs issued checks– co-signs checks
12. Prepares and presents NASDSE budgets for the Board's approval
13. Reviews all payrolls
14. Reviews and approves all reimbursements and fund requests
15. Assists finance office with the development of annual and program budgets
16. Reviews all incoming invoices and outgoing billings
17. Monitors and manages all expenses to ensure most effective use of assets
18. Monitors grant reporting and appropriate release of temporarily restricted funds
19. Oversees expense allocations
20. Monitors and makes recommendations for fixed asset retirement and replacement
21. Reviews, revises, and maintains internal accounting controls and procedures

Primary Accounting Staff

1. Overall responsibility for data entry into accounting system and integrity of accounting system data
2. Processes invoices and prepares checks for signature
3. Makes bank deposits
4. Processes payroll
5. Maintains general ledger
6. Prepares monthly and year-end financial reports
7. Reconciles all bank accounts
8. Mails vendor checks
9. Manages Accounts Receivable

Project Directors

1. Reviews and approves project purchases
2. Manages all program expenses charged on NASDSE credit card
3. Assists with preparation of purchase orders and travel management

3. Chart of Accounts and General Ledger

NASDSE has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (program vs. administration). The finance office is responsible for maintaining the Chart of Accounts and revising as necessary. The Chart of Accounts is attached to this manual as addendum 1 – Chart of Accounts.

The general ledger is automated and maintained using our accounting software. All input and balancing is the responsibility of the finance office.

The finance office is to review the general ledger on a periodic basis for any unusual transactions.

4. Cash Receipts/Cash Management

Cash receipts generally arise from:

1. Contracts and Grants
2. Membership Dues
3. Business Plan
4. Annual Conference

The principal steps in the cash receipts process are:

The Receptionist receives incoming mail, date stamps the envelope, and forwards unopened financial related mail (such as bank statements) to the executive director. The finance office enters all checks into the accounting software, stamps all checks "for deposit only," and makes a copy of each check. The checks are kept in a locked cabinet until deposited. ETF (electronic transfer of funds) deposits are also record by the finance office.

The cash will be kept in a locked, secure location and deposited within 24 business hours.

5. Inter-Account Bank Transfers

The finance office monitors the balances in the bank accounts to determine when there is a shortage or excess in the checking account. The finance office recommends to the executive director when a transfer should be made to maximize the potential for earning interest.

6. Purchase Request / Approval

It is the policy of NASDSE that all purchases be approved prior to the organization being obligated for the purchase. The authorization for purchases is documented by using this form.

The “purchase request/approval form (addendum 2 – Operations Manual) must be completed and provided to the appropriate person for approval prior to the purchase of equipment, materials, supplies and/or other services. Handwritten documents are not acceptable.

See the Procurement Policy for additional information.

7. Cash Disbursements

Cash disbursements are generally made for:

1. Payments to vendors for goods and services
2. Taxes/license fees
3. Staff training and development
4. Memberships and subscriptions
5. Meeting expenses
6. Employee reimbursements
7. Marketing/promotional materials

All PDF invoices will be uploaded into the Bill.com portal. Account codes will be assigned prior to approval. Requests for cash disbursements are submitted to Accounting in two ways:

1. Purchase request (submitted on approved form) along with original invoice
2. Employee expense report or reimbursement request

All purchase request must have the account code written on them and approved by the appropriate official prior to being submitted to accounting.

Every employee reimbursement or purchase request must be documented on the approved form with travel authorization, receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

Lodging - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose.

Meals and Entertainment - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every group for whom food or beverage was provided, and the specific business purpose.

Other Expenditures - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

The executive director reviews all requests for payment and:

1. Verifies expenditure and amount and pre-purchase authorization
2. Approves for payment in accordance with budget
3. Provides or verifies appropriate allocation information
4. Submits to the primary accounting staff for processing

The primary accounting staff processes all payments (see below for wire transfer) and:

1. Immediately enters them into the Accounts Payable module
2. Prints checks according to allocation and payment date provided by the executive director
3. Submits checks, with attached backup documentation, to executive director for approval and signature stamps invoice "paid"
4. Mails checks and appropriate backup documentation

5. Files all backup documentation in the appropriate file

The executive director is authorized to approve all invoices via Bill.com under \$5,000. All single invoices over \$5,000 will require two approvals:

The Executive Director
a Designated Staff member or
The Secretary Treasurer

8. Credit Card Policy and Charges

All staff members who are authorized to carry an organization credit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the credit card includes: personal expenditures of any kind; expenditures which have not been properly authorized; meals, entertainment, gifts, or other expenditures which are prohibited by budgets, laws, and regulations, and the entities from which NASDSE receives funds.

The receipts for all credit card charges will be given to the finance office within two (2) weeks of the purchase along with proper documentation. The finance office will verify and approve all credit card charges with the monthly statements. A record of all charges will be given to the primary accounting staff with applicable allocation information for posting.

The executive director's usage will be provided to the Treasurer or designated staff for approval.

9. Accruals

To ensure a timely close of the General Ledger, NASDSE may book accrual entries. Some accruals will be made as recurring entries.

Accruals to consider:

1. Monthly interest earned on money market accounts, certificates of deposits, etc.
2. Recurring expenses, including employee vacation accrual, prepaid insurance, depreciation, etc.

10. Bank Account Reconciliations

1. All bank statements are given to the executive director. The executive director reviews the statements for unusual balances and/or transactions.
2. The executive director reviews the statements then gives them to the primary accounting staff (or outsourced accountant) for timely reconciliation as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
3. The primary accounting staff will verify that voided checks, if returned, are appropriately defaced and filed.
4. The primary accounting staff (outsourced accountant) will attach the completed bank reconciliation to the applicable bank statement, along with all documentation and initial and date.

11. Petty Cash Fund

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.

1. The petty cash fund is only done for the annual conference.
2. All disbursements made from petty cash are acknowledged in writing by the receiving party.
3. All money returned to the petty cash fund is counted and verified by the senior office administrator 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.
4. No checks will be cashed by the petty cash fund.

12. Property and Equipment

Property and equipment includes items such as:

1. Office furniture and equipment
2. Computer hardware
3. Computer software
4. Leasehold improvements

It is the organization's policy to capitalize all items which have a unit cost greater than five thousand dollars (\$5,000). Items purchased with a value or cost less than five hundred (\$5,000) 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

1. A fixed asset schedule is maintained by the primary accounting staff including date of purchase, asset description, purchase/donation information, cost/fair market value, donor/funding source, identification number, life of asset.
2. The fixed asset schedule will be reviewed by the finance office.
3. Annually, a physical inspection and inventory will be taken of all fixed assets and reconciled to the general ledger balances.
4. The finance office shall be informed in writing of any change in status or condition of any property or equipment.
5. 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.

13. Personnel Records

1. All personnel files contain the following documents: an application and/or resume, date of employment, position and pay rate, authorization of payroll deductions, W-4 withholding authorization, termination data where applicable, a signed acknowledgement of receipt of Employee Handbook, an emergency contact form, and other forms as deemed appropriate by executive director.
2. All employees will fill out an I-9 form and submit the allowable forms of identification to the finance office.
3. All personnel files are to be kept in a secure, locked file cabinet and accessed only by authorized personnel.

14. Payroll Processing

1. Timecards are processed via ADP. Each employee is required to input their time directly into the ADP system semi-monthly on the 15th and last day of the month. If the 15th and/or last day of the month fall on a weekend or holiday, the timecards are to be submitted the day prior to the weekend or holiday. Exceptions to the submittal date may occur and will be communicated accordingly.
2. The executive director and if applicable project director approve all timecards submitted in the ADP system.
3. Paid Time Off (PTO) is requested by staff using the ADP System.
4. Holidays – NASDSE follows the US Federal Government holiday schedule, plus other days as allowed by NASDSE's executive director.
5. The primary accounting staff will process payroll in a timely manner and record PTO, holiday hours, and any other information deemed necessary to properly reflect time worked.
6. Paychecks will be distributed by the finance office on the 6th and 21st of each month. If the 6th and/or the 21st fall on a weekend or holiday the paychecks will be distributed the day before.
7. If the employee requests that his/her check be turned over to a third party, the request must be made in writing prior to distribution.
8. Employees may choose direct deposit to a designated bank account. Their paycheck is deposited directly into the designated account on the payroll date. The employee will receive a verification stub.
9. The finance office will review payroll expenditures and allocations monthly.
10. All quarterly federal and state payroll reports will be prepared and filed appropriately
11. All W-2 statements are issued to employees prior to January 31st of the following year for the prior calendar year.

15. End of Month and Fiscal Year-End Close Including Year-End Audit

1. At the end of every quarter, the executive director will review the quarterly income statement along with the budget for comparison.
2. Project managers will receive monthly project statements for review.
3. At the end of the fiscal year, the executive director or outside CPA will prepare the annual Return for Organization Exempt from Income Tax (IRS Form 990). The return will be presented to the executive director and appropriate board governance group for their review and approval. The executive director will then file the return with the Internal Revenue Service by the annual deadline.
4. All other appropriate government filings including payroll tax returns, pension plan returns will be completed and filed with the appropriate agency.

Year-End Audit

1. The organization is required to have a financial statement audit annually.
2. The executive director approves the hiring and continuance of the external CPA firm that performs the annual audit.
3. The finance office is the liaison between the organization and the external CPA firm which performs the audit.
4. The annual audit is to be completed by March 31 of the following year.
5. The completed audited financial statements and related auditor communications will be presented to the Board and Finance/Audit Committee for their respective approvals.

16. Financial Reports

The finance office will prepare the quarterly and annual financial reports for distribution to the executive director. The reports will include: statement of financial position, statement of activities and expenses, a budget versus actual report for the organization,

Periodic and annual financial reports will be submitted to the appropriate governance committee for review and approval.

Monthly project reports will be distributed to project directors.

17. Fiscal Policy Statements

1. All cash accounts (except petty cash) owned by NASDSE will be held in a financial institution which is insured by the FDIC and financially rated at least “sound” by the “Bank rate” ratings service. Annually the executive director will review the “Bank rate” rating and other pertinent information regarding NASDSE’s financial institution and report with a recommendation regarding the banking relationship to the audit committee.
2. All capital expenditures which exceed five thousand (\$5,000) will be capitalized.
3. Employee or public personal checks will not be cashed through the petty cash fund.
4. Salary advances will be made at the discretion of the executive director.
5. No travel cash advances will be made except under special conditions and pre-approved by the executive director.
6. Reimbursements will be paid upon complete expense reporting and approval using the official NASDSE form.
7. The executive director and two designated staff members are the signatories on NASDSE’s bank accounts.
8. Bank statements will be reconciled monthly. All bank statements will be given to the executive director for review.
9. Accounting and personnel records will be kept in locked file cabinets in the finance office and only parties with financial and/or HR responsibility will have access to the keys.