

# **ACCOUNTING AND FINANCIAL CONTROL POLICIES AND PROCEDURES**

*Western Virginia Emergency Medical Services Council, Inc.*

*Alliance for Emergency Medical Education and Research*

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## CASH RECEIPTS, REVENUE AND ACCOUNTS RECEIVABLE

### Handling of Incoming Mail

~~Mail is picked up from the mailbox by the Executive Director, or in his absence, the Education Program Director.~~ Mail delivered to the office will be received by the Administrative Assistant, who will open the mail, date stamp, and forward to the appropriate recipients. Any mail identified as possibly containing checks or other negotiables will be forwarded unopened to the Executive Director or Education Program Director. The Executive Director or Education Program Director will assemble and retain a record of any checks or other negotiables received excluding credit card payments.

### Handling of Deposits

All payments received are logged into a spreadsheet by the Executive Director or the Education Program Director. The payments are then forwarded to the Business Manager for coding and review. The Business Manager then forwards the payments to the Administrative Assistant for processing. The Administrative Assistant enters the payment in the accounting system with a unique batch number. The Administrative Assistant prepares the deposit ticket. Bank deposits are made minimally once a week. Bank deposits are made more often, if the deposit is larger than average. After entering the payments in the accounting system the Administrative Assistant runs a Cash Receipts report and confirms that the Cash Receipts journal balances to the deposit. Once in balance, the batch number is written on the deposit ticket and two copies of the Cash Receipts report are printed. One copy of the report is attached to a copy of the deposit ticket along with a copy of all checks in the batch. The second copy of the report is forwarded to the Executive Director along with a copy of the deposit ticket. The Executive Director compares the deposit ticket to his record of checks and other negotiables received.

### Credit Card Processing

The Administrative Assistant receives all requests for credit card purchases and/or payments. ~~The Administrative Assistant processes each payment using Authorize.net, a secure payment gateway.~~ The Administrative Assistant enters the credit card payments in the accounting system. ~~Each payment is entered separately in order to maintain a detailed history.~~ The credit card payments are given a batch number in the accounting system. ~~The batch is then transmitted~~

~~according to the terms and conditions of the merchant agreement with the credit card processor.~~

Credit card deposits are reconciled with the monthly bank statement. Each transmitted batch listed on the monthly merchant statement is verified, by the Business Manager, as a deposit or credit to the appropriate cash account.

## **CASH DISBURSEMENTS AND ACCOUNTS PAYABLE**

### **Purchase Orders and Procurement**

Purchase Orders are not used on a regular basis for small purchases. As requested by an appropriate staff member, the Administrative Assistant will produce a Purchase Order. Purchases excluding recurring expenses or items specifically included in approved budgets exceeding \$5,000 are approved by the Board of Directors or the Executive Committee. Purchases exceeding \$10,000 or more are put to competitive bid (excluding NSPA purchases for which competitive bid are not required by state and/or federal guidelines). **Exception: Purchases made from the State Contract Purchasing System (eVA) or pricing based on the state contract price have been pre-negotiated and do not require competitive bidding.**

### **Handling and Payment of Invoices and Payment Vouchers**

Invoices and payment vouchers are received by the Administrative Assistant. The Business Manager assigns the Vendor Number and expense account code to the invoice. The invoice is then stamped for approval. Invoices are placed in a folder and given to the Executive Director weekly. The Executive Director reviews the invoices and the expense codes and approves. The Executive Director returns the invoices to the Administrative Assistant for payment processing.

### **Expense Reimbursements**

Each staff member submits to the Administrative Assistant a standard expense reimbursement form on a periodic basis as assigned by the Executive Director. The mileage reimbursement rate is the same as the rate adopted by the Commonwealth of Virginia for state employees. Expense forms are approved by the Executive Director. Any requests for travel or expense advances must have the prior approval of the Executive Director. If stated in a grant or a Board approved budget, a staff member may receive a monthly travel stipend. If this monthly stipend is grant funded, it will cease at the same time the grant terminates.

### **Corporate Credit Card**

At the discretion of the Board corporate credit cards may be secured for use by staff members in the conduct of official business. The corporate credit card(s) are used to minimize the necessity for reimbursements to employees for travel and other incidental expenses and to expedite other purchases.

The Executive Director maintains responsibility for the use of the cards and the cards are assigned at the Executive Director's option.

Receipts for all credit card purchases are forwarded to the Business Manager as soon as possible after purchases are made. The Business Manager will reconcile the receipts to the monthly credit card statement prior to payment. If the credit card purchase is under \$25.00, an email to the Business Manager substantiating the purchase will be accepted in lieu of the original receipt. Please refer to Policy 8.96 (Purchasing – Credit Limits) in the Employee Policy Handbook.

### **Check Issuance**

After all invoices, expense reimbursement forms, and credit card statements have been reviewed and approved by the Executive Director, and forwarded to the Administrative Assistant checks will be issued. After the checks are printed, they are attached to the appropriate invoice or payment voucher and forwarded to the Executive Director to be signed. The Executive Director compares the check to the invoice and/or payment voucher and then signs the check. **Checks drawn from the Western Virginia E.M.S. Council, Inc. account** for amounts exceeding \$2,500 require two signatures, generally the Executive Director and one officer with signatory authority. **Payments pre-approved by the Board Treasurer as recurring monthly payments (i.e. health insurance, IT support) in excess of \$2500 do not require a second signature.** Checks to transfer funds from the depository account to the operating account shall require only one signature. ~~All~~ Checks drawn on the Alliance for Emergency Medical Education and Research account **for amounts exceeding \$5,000 shall require only one two signatures., and shall be regulated by the adopted fiscal policies governing the Alliance for Emergency Medical Education and Research program.**

Signed checks are returned to the Administrative Assistant for proper disposition.

### **Electronic Bill Pay**

After all invoices, expense reimbursement forms, and credit card statements have been reviewed and approved by the Executive Director, and forwarded to the Administrative Assistant payments will be entered in Peachtree and online using the bank's electronic bill pay system. ~~After the payments are entered, a screen print is attached to the appropriate invoice or payment voucher and forwarded to the Executive Director for approval. The Executive Director will then sign into Online Banking and compare the amount entered for payment to the invoice and approve or disapprove the payment.~~ The Executive Director will approve electronic payments at the same time checks are signed. Checks for amounts exceeding \$2,500 will not be processed electronically without prior written approval by the Board Treasurer.

## PAYROLL

Payroll is issued on a bi-weekly basis. ~~Payroll is processed on the last day of the payroll period for payment the following Friday.~~

Salaried employees are required to submit PTO forms as PTO time is taken.

This information is maintained in a spreadsheet and in the payroll system.

Hourly employees must submit their hours to the Administrative Assistant.

The Education Program Director will inform the Administrative Assistant of any additional stipends that are to be paid in the pay period.

All employees are eligible to be paid by direct deposit. If an employee elects to be paid by check, the check will be mailed the day before payday or may be picked up on or after payday.

Payroll will be reviewed by Business Manager, prior to submittal.

A printout of each payroll is submitted to the Executive Director for approval.

~~SEP-IRA~~ 403(b) benefits (Mutual of America) are paid electronically by the Business Manager. A copy of this transmittal is submitted to the Executive Director with the payroll report for approval.

Federal Withholding, FICA, Medicare, and State Income Tax payments are made electronically each pay period by the Business Manager.

State Unemployment is paid quarterly by the Business Manager.

Payroll returns as required are filed quarterly and annually by the Business Manager.

## JOURNAL ENTRIES

Transactions requiring general journal entries will be documented on a standard journal entry form and require the approval of the Executive Director or the Treasurer.

All journal entries are made by the Business Manager. The Executive Director reviews and initials all journal entries.

~~All journal entries are reviewed by the Business Manager before approval of the Executive Director. After review and approval of the Executive Director journal entries will be posted by the Business Manager.~~

## **PRIOR PERIOD ADJUSTMENTS**

Once an accounting period is closed, in order to insure that all entries are posted in the correct month and/or fiscal year only the Business Manager will have the authority to unlock and post transactions in prior periods and/or change accounting periods. If an entry is required in a prior period, the entry will be presented to the Business Manager for review and if appropriate the Business Manager will make the entry.

Prior period transactions requiring general journal entries will be documented on a standard journal entry form and require the approval of the Executive Director or the Treasurer. All journal entries are reviewed by the Business Manager before approval of the Executive Director. After review and approval of the Executive Director journal entries will be posted by the Business Manager.

In the event that the Business Manager is not available and the entry cannot wait for his/her return, the Executive Director will be given administrative rights to the accounting software and will have the ability to unlock a prior period.

## **CLOSING PROCESS**

### **Accruals**

Accounts Receivable is accrued as soon as the invoice is processed.

Accounts Payable is only accrued when the invoice is received. In July, invoices are separated according to the time of service or purchase of product. All invoices for purchases in June are entered into the Accounts Payable module of the accounting system. When these invoices are paid in July they will be paid against Accounts Payable. Journal entries will be used to accrue Accounts Payable only when no invoice has been received. If a journal entry is used to accrue Accounts Payable, it will be setup as a reversing entry and will be reversed on July 1. This will insure that Accounts Payable from the prior year is not recorded as expense in the current year. At year-end, the Executive Director will poll all staff members and all AEMER directors to ascertain if expenditures have been obligated or made during the year that might not have been invoiced. If so, such expenditures or obligations will be reported to the Executive Director in writing and will be booked as payables based on estimated cost.

Payroll is not accrued. Paid Time Off (PTO) is accrued annually. The Administrative Assistant maintains a spreadsheet that is reconciled by the Business Manager to the payroll system and a journal entry is created to book the PTO.

### **Deferred Revenue**

Any revenue received in advance of the actual event is posted to Pre-paid deposits. Pre-paid deposits are reviewed on a monthly basis and moved to the appropriate revenue account by the Business Manager once the event has occurred.

### **Reconciliations**

#### **Bank**

All bank statements are reconciled in the month in which they are received. Upon receipt of the bank statement, the Business Manager will post any entries not previously entered, such as interest income, check printing expense, and credit card discounts. The Business Manager will reconcile the bank statement in the accounting system and will identify any reconciling items. The proper action

will be taken to remove the reconciling item. If the reconciling item will adjust on a later date, that will be noted on the reconciliation report printed from the accounting system. The reconciliation report, showing all deposits in transit and outstanding checks is attached to the bank statement and forwarded to the Executive Director. The Executive Director will review the reconciliation, sign-off and return the reconciliation report and the bank statement to the Business Manager for filing.

#### General Ledger

At the close of each month the following will be reconciled by the Business Manager to the General Ledger:

Accounts Receivable aging report

Accounts Payable aging report

Pre-paid deposits and Pre-paid expenses will be reviewed by the Business Manager on a monthly basis and transferred to the appropriate revenue or expense account as needed.

Trial Balance will be reviewed on a monthly basis by the Business Manager and any questionable amounts will be researched for accuracy.

Payroll is reconciled on a quarterly and annual basis to the appropriate quarterly and annual tax returns.

#### Depreciation

Depreciation is booked annually.

Depreciation is booked at cost over the estimated useful lives of the respective assets. These estimations are as follows: Building and improvements – 39 years, Communications equipment – 15 years, Office Equipment 5-10 years, Miscellaneous equipment 5-10 years, and Generator building and equipment 15-20 years.

Single items purchased that exceed \$5,000 are booked as fixed assets and depreciated according to the schedule above. All other items purchased are booked as an expense in the year they were purchased.

At June 30 of each fiscal year, the depreciation schedule is reviewed. All items that have been fully depreciated or disposed of will no longer be depreciated. All new items, in excess of \$5,000 will be added to the schedule. Once the schedule

is complete and reviewed by the Executive Director a journal entry will be made for depreciation.

## **GRANT COMPLIANCE**

The Executive Director or another employee designated by the WVEMS Executive Director serves as the compliance manager for all grants received by WVEMS and AEMER. It is the responsibility of the Executive Director to ensure that all grant funds are drawn down and expended in such a manner as to comply with the rules and guidelines specific to the grant.

## **BUDGETING**

Annually, prior to the spring board meetings of WVEMS and AEMER, balanced budgets of revenues and expenditures for the following fiscal year are developed by the Executive Director of WVEMS and the President of AEMER, respectively, in consultation with staff and the treasurers of the boards of directors. Those budgets are transmitted to the appropriate boards prior to the spring meetings, and are discussed and offered for adoption (with or without board revisions) at those meetings. The budgets guide operations of the two corporations throughout the fiscal year.

## **FINANCIAL STATEMENTS**

### **Quarterly Unaudited Financial Statements**

At each regular meeting of the board of directors of WVEMS and AEMER, an unaudited financial report is presented. This report shows actual vs. budgeted revenues and expenses by category, and also presents an accounting of non-budgeted revenue and expense categories. It also includes a balance sheet.

### **Year End Financial Statements and Disclosures**

At the end of each fiscal year, a comprehensive audit of accounts shall be conducted by a qualified public accounting firm. Such audit report will include financial statements and management statement. The accounting firm will also prepare the annual IRS Form 990 returns and other tax documents as required.

## **CORPORATE DISSOLUTION**

Upon the dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, or another 501(c)(3) organization, for a public purpose. Such distribution shall be made in accordance with all applicable provisions of the laws of the Commonwealth of Virginia.