



# **GREATER COLUMBIA**

ACCOUNTABLE COMMUNITY OF HEALTH

## **ACCOUNTING AND FINANCIAL POLICIES AND PROCEDURES MANUAL**

**GREATER COLUMBIA ACCOUNTABLE COMMUNITY OF HEALTH  
8836 W GAGE BLVD, SUITE 202A, KENNEWICK, WA 99336**

[www.gcach.org](http://www.gcach.org)

**DESCRIPTION OF CHANGES**

<b>Page(s)</b>	<b>Description (including summary, reason, initiating document, if applicable)</b>
26	Adding Marketing Manager as an authorized purchaser with a limit of \$300 – Per “Changes to the Financial Policy (SBAR)” approved at the November 2019 Board Meeting
41 - 42	Revised Investment Policy – Per “Investment Policy 11-06-2019” approved at the November 2019 Board Meeting.

# TABLE OF CONTENTS

<b>Introduction</b>	8
<b><u>GENERAL POLICIES</u></b>	
<b>Organizational Structure</b>	9
The Role of the Board of Directors	9
Committee Structure	9
Finance Committee Responsibilities	9
Budget & Funds Flow Committee Responsibilities	11
The Roles of the Executive Director and Staff	12
<b>Accounting Department Overview</b>	12
Organization	12
Responsibilities	12
<b>Business Conduct</b>	13
Practice of Ethical Behavior	13
Conflicts of Interest	13
Compliance with Laws, Regulations and Organization Policies	14
Disciplinary Action	14
<b>Fraud Policy</b>	14
Scope	14
Policy	14
Actions Constituting Fraud	15
Other Irregularities	15
Investigation Responsibilities	15
Confidentiality	15
Authority for Investigation of Suspected Fraud	16
Reporting Procedures	16
<b>Security</b>	16
Accounting Department	16
Access to Electronically Stored Accounting Data	17
General Office Security	17
<b>General Ledger and Chart of Accounts</b>	17
Chart of Accounts Overview	17
Distribution of Chart of Accounts	18
Control of Chart of Accounts	18
Classification of Net Assets	18
Changes to the Chart of Accounts	18
Fiscal Year of Organization	19
Journal Entries	

## **POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS**

<b>Revenue</b>	19
Revenue Recognition Policies	19
<b>Contributions Received</b>	19
Definitions	19
Accounting for Contributions	20
Receipts and Disclosures	21
<b>Billing/Invoicing Policies</b>	21
Responsibilities for Billing and Collection	21
Accounts Receivable Entry Policies	22
Classification of Income and Net Assets	22
<b>Cash Receipts</b>	22
Overview	22
Processing of Checks and Cash Received in the Mail	22
Endorsement of Checks	23
Timeliness of Bank Deposits	23
Reconciliation of Deposits	23
On-Site Collections at Conferences and Seminars	23
<b>Accounts Receivable Management</b>	24
Monitoring and Reconciliations	24
Collections	24
Credits and Other Adjustments to Accounts Receivable	24
Accounts Receivable Write-Off Authorization Procedures	24

## **POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS**

<b>Purchasing Policies and Procedures</b>	25
Overview	25
Responsibility for Purchasing	25
Non-Discrimination Policy	25
Use of Purchase Orders	26
Authorizations and Purchasing Limits	26
Required Solicitation of Quotations from Vendors	26
Extension of Due Dates and Receipt of Late Proposals	27
Evaluation of Alternative Vendors	27
Affirmative Consideration of Minority, Small Business & Women-Owned Business	28
Special Purchasing Conditions	28
Vendor Files and Required Documentation	29
Ethical Conduct in Purchasing	29
Conflicts of Interest Prohibited	29
Receipt and Acceptance of Goods	29
<b>Political Intervention</b>	30
Prohibited Expenditures	30
Endorsements of Candidates	30
Prohibited Use of Organization Assets and Resources	30
<b>Accounts Payable Management</b>	30

Overview	30
Recording of Accounts Payable	31
Accounts Payable Cut-off	31
Establishment of Control Devices	31
Preparation of a Voucher Package	31
Processing of Voucher Packages	32
Payment Discounts	32
Employee Expense Reports	32
Reconciliation of A/P Subsidiary Ledger to General Ledger	32
<b>Travel and Business Entertainment</b>	<b>32</b>
Travel Advances	32
Spouse/Partner Travel	33
<b>Cash Disbursement (Check-Writing) Policies</b>	<b>33</b>
Check Preparation	33
Check Signing	34
Mailing of Checks	34
Voided Checks and Stop Payments	34
Record-Keeping Associated with Independent Contractors	34
<b>Payroll and Related Policies</b>	<b>35</b>
Classification of Workers as Independent Contractors or Employees	35
Payroll Administration	36
Changes in Payroll Data	36
Payroll Taxes	37
Preparation of Timesheets	37
Processing of Timesheets	37
Review of Payroll	37
Distribution of Payroll	38
<b><u>POLICIES PERTAINING TO SPECIFIC ASSET AND LIABILITY ACCOUNTS</u></b>	
<b>Cash and Cash Management</b>	<b>38</b>
Cash Accounts	38
Bank Reconciliation	38
Cash Flow Management	39
Stale Checks	39
Wire Transfers	39
<b>Inventory</b>	<b>39</b>
Description of Inventory	39
Accounting for Inventory	39
Physical Counts	39
<b>Investment Policies</b>	<b>40</b>
Introduction	40
Investment Objectives	40
Allowable Investments	40
Diversification	40
Procedures and Reporting	40

<b>Fixed Assets</b>	
Capitalization Policy	41
Contributed Assets	41
Establishment and Maintenance of a Fixed Asset Listing	41
Receipt of a Newly-Purchased Equipment and Furniture	42
Depreciation and Useful Lives	42
Repairs of Fixed Assets	42
Disposition of Fixed Assets	43
<b>Accrued Liabilities</b>	43
Accrued Leave	43
<b>Notes Payable</b>	43
Record-Keeping	43
Accounting and Classification	43
Non-Interest-Bearing Notes Payable	43
<b><u>POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING</u></b>	
<b>Financial Statements</b>	44
Standard Financial Statements of the Organization	44
Frequency of Preparation	45
Annual Financial Statements	45
<b>Government Returns</b>	45
Overview	45
Filing of Returns	45
Public Access to Information Returns	46
<b><u>FINANCIAL MANAGEMENT POLICIES</u></b>	
<b>Annual Audit</b>	47
Role of the Independent Auditor	47
How Often to Review the Selection of the Auditor	47
Selecting an Auditor	48
Preparation for the Annual Audit	49
Concluding the Audit	49
Finance Committee Responsibilities	49
<b>Insurance</b>	
Overview	50
Coverage Guidelines	50
Insurance Definitions	50
<b>Record Retention</b>	51
Policy	51
<b>Functional Expense Allocations</b>	52
Overview	52
Direct Charging of Costs	52
Allocation of Overhead Costs	53

## **POLICIES ASSOCIATED WTH FEDERAL AWARDS**

<b>Administration of Federal Awards</b>	53
Definitions	53
Billings and Financial Reporting	54
Procurement Under Federal Awards	54
Provisions Included in all Contracts	54
Making of Sub Awards	56
Monitoring of Sub Recipients	57
Standards for Financial Management Systems	58
Budget and Program Revisions	58
Close Out of Federal Awards	59
<b>Charging Costs to Federal Awards</b>	59
Overview	59
Segregating Unallowable from Allowable Costs	59
Criteria for Allowability	60
Cost Sharing and Matching	60
Program Income (04-15-2017 Revised)	61

## **INTRODUCTION**

The following accounting manual is intended to provide an overview of the accounting policies and procedures applicable to the Greater Columbia Accountable Community of Health, which shall be referred to as “Greater Columbia Accountable Community of Health” or “the Organization” throughout this manual. **Greater Columbia Accountable Community of Health** is incorporated in the state of Washington. Greater Columbia Accountable Community of Health is exempt from federal income taxes under IRC Section 501(c) 3, as a nonprofit corporation.

This manual shall document the financial operations of the Organization. Its primary purpose is to formalize accounting policies and selected procedures for the accounting staff and to document internal controls.

The Board of Directors approved the contents of this manual as official policy of the Organization. All Greater Columbia Accountable Community of Health staff is bound by the policies herein, and any deviation from established policy is prohibited.



# **GENERAL POLICIES**

## **ORGANIZATIONAL STRUCTURE**

### **The Role of the Board of Directors**

Greater Columbia Accountable Community of Health governs by its Board of Directors, which is responsible for the oversight of the organization by:

1. Planning for the future
2. Establishing broad policies
3. Identifying and proactively dealing with emerging issues
4. Interpreting the organization's mission to the public
5. Soliciting prospective contributors
6. Contracting for the Executive Director
7. Establishing and maintaining programs and systems designed to assure compliance with terms of contracts and grants

The board is responsible for hiring and periodically evaluating the organization's Executive Director, who shall be responsible for the day-to-day oversight and management of Greater Columbia Accountable Community of Health.

### **Committee Structure**

The board of directors shall form committees in order to assist the board in fulfilling its responsibilities. These committees represent vehicles for parceling out the board's work to smaller groups, thereby removing the responsibility for evaluating all of the details of particular issues from the full board's consideration. Standing board-level committees of Greater Columbia Accountable Community of Health consist of the following:

1. Executive Committee
2. Finance Committee
3. Budget & Funds Flow Committee
4. Bylaws Committee
5. Communication Committee
6. Nominating Committee
7. Technical Advisory Committee
8. Workforce Committee
9. Data Management & Health Information Exchange Committee

Specific guidelines regarding the composition and election of the board of directors and committees are described in the organization's by-laws. However, roles of committees with direct responsibilities for the financial affairs of the organization are further described in this manual. These committees shall be referred to in appropriate sections of this manual.

### **Finance Committee Responsibilities**

The Finance Committee is responsible for direction and oversight regarding the overall financial management of Greater Columbia Accountable Community of Health. Functions of the Finance Committee include:

1. Developing an annual budget and establishing long-term financial goals.
2. Making recommendations with respect to allocation and distribution of DSRIP funds.
3. Developing a communication plan to engage and educate network partners on the funds flow model.
4. Monitoring the ACH's budget(s), audit(s) and investment(s) and their performance relative to their unique standards.
5. Developing and overseeing the implementation of the ACH's financial oversight structure.
6. Establish/Review significant accounting and financial reporting practices including internal financial statements reporting the receipt and distribution of project funds, cash position and cash flow.
7. Establish/Evaluate the effectiveness of the internal control system with respect to financial reporting and controls over receiving and distributing project funds.
8. Developing approaches to assist with financially fragile ACH participants.
9. Making recommendations with respect to value-based purchasing and the management of risk contracts.
10. Developing and overseeing the implementation of a sustainability plan for the ACH.
11. Ensure an external audit of the financial management practices of the DSRIP program for compliance with DSRIP requirements.
12. Collaborating with other Committees as appropriate.

The review of the organization's financial statements shall not be limited to the finance committee but shall involve the entire board of directors.

The Financial Committee is responsible for recommending the hiring of an independent CPA firm and for directly communicating with the CPA firm to fulfill the requirement for an annual audit, as described in the organization's by-laws. The Finance Committee shall also review and approve the final audited financial statements, as well as any communications received from the auditor regarding internal controls, illegal acts, or fraud.

The Financial Committee also serves as the primary point of contact for any employee who suspects that fraud has been committed against the organization or by one of its employees or board members. The Financial Committee's role in the annual audit is more fully explained in the section of this manual covering the annual audit.

The Finance Committee will hold regular monthly meetings at least one week prior to the scheduled Board meeting. The Finance Committee may schedule additional meetings as needed to address emerging issues. Notice of all regular and special meetings will be sent to members of the Finance Committee by email at least one week prior to the meeting date. Members may waive their right to notice by participating in the meeting.

To constitute a "quorum", at least 75% of all members of the Finance Committee must be (physically or electronically) present. (\*to the extent electronic participation is permitted.) Each member of the Finance Committee will act as a fiduciary for the GCACH, rather than a representative of his or her employer. Further, all members of the Finance Committee must attend at least 75% of all regular and special meetings held during each calendar year, unless the absence is excused for good cause, as determined by the Committee Chair. Failure to meet the attendance requirements will lead to automatic

removal of the member, unless otherwise determined by the Board of Directors. Members of the Finance Committee may not send a designee to attend any regular or special meeting.

Finance Committee members will be expected to:

1. Read meeting materials in advance and come prepared to contribute substantively in the work of the Committee
2. Actively engage in discussions and contribute expertise to decision-making processes
3. Provide timely review and feedback on documents when solicited
4. Participate in surveys and information gathering as appropriate
5. Sign an Ethics Policy and Conflict of Interest form

### **Budget & Funds Flow Committee Responsibilities**

The purpose of the Budget and Funds Flow Committee is to: (1) Create policies and procedures for oversight and accountability of the funds flow accounting function, budgeting and reporting as required by GAAP, DSRIP, and all required external compliance. (2) Work with partner organizations to develop a sound, fair and equitable allocation methodology for DSRIP funds. (3) Submit draft allocation methodologies and other Funds Flow related items to the Finance Committee for review and recommendation to the Board of Directors. Functions of the Budget & Funds Flow Committee include:

1. Develop funds flow distribution schedule.
2. Provide input to Project Impact Assessment and Matrix.
3. Review the provider-level projections of DSRIP impacts and costs submitted by network providers.
4. Establish procedure for monitoring and reporting of project incentive costs.
5. Recommend process to collect, analyze and report financial results.
6. Monitor, evaluate, and recommend modifications to distribution plan.
7. Contribute to communication and training plan to network participating providers for review and input.
8. Sign an Ethics Policy and Conflict of Interest form

The Budget and Funds Flow Committee is made up of 10-12 partner organization representatives. The Budget and Funds Flow Committee is comprised of individuals with expertise or working knowledge of budgets, financial statements and Generally Accepted Accounting Principles (GAAP). The members of the Budget and Funds Flow Committee will be selected to adequately represent a cross-section of healthcare markets within the Accountable Community of Health's (ACH's) catchment area.

The Budget and Funds Flow Committee will submit all proposals and recommendations to the Finance Committee for review and recommendation for approval / adoption to the Board of Directors.

The members of the Budget and Funds Flow Committee will serve for two-year terms. Any mid-term vacancies in the Budget and Funds Flow Committee will be appointed by the Finance Committee, and the individual appointed will serve the remainder of the term. The members of the Budget and Funds Flow Committee may be removed for cause by a vote of 75% from the Finance Committee. Cause shall include failure to attend three consecutive meetings, unless absence is excused for good cause.

The Budget and Funds Flow Committee will hold regular monthly meetings at a minimum of one time per month. Initially the committee will likely meet more often to establish a foundation and framework by which to work. Notice of all regular and special meetings will be sent to members of the Budget and Funds Flow Committee by email at least one week prior to the meeting date. To constitute a "quorum", at least 75% of all members of the Budget and Funds Flow Committee must be (physically or

electronically) present. (\*to the extent electronic participation is permitted.) Each member of the Budget and Funds Flow Committee will act as a fiduciary for the GCACH, rather than a representative of his or her employer. Further, all members of the Budget and Funds Flow Committee must attend at least 75% of all regular and special meetings held during each calendar year, unless the absence is excused for good cause, as determined by the Committee Chair. Failure to meet the attendance requirements will lead to automatic removal of the member, unless otherwise determined by the Finance Committee. Budget and Funds Flow Committee members will be expected to:

1. Read meeting materials in advance and come prepared to contribute substantively in the work of the Committee
2. Actively engage in discussions and contribute their respective expertise to decision-making processes
3. Provide timely review and feedback on documents when solicited
4. Participate in surveys and information gathering as appropriate

### **The Roles of the Executive Director and Staff**

The board of directors hires the Executive Director, who reports directly to the board of directors. The Executive Director is responsible for hiring and evaluating department directors for each of the organization's departments. Each department director reports to the Executive Director.

Within each department, department directors are responsible for hiring, with approval from the Executive Director, employees to work in that department. All employees within a department shall report directly to that department's director, who shall be responsible for managing and evaluating all employees within the department.

## **ACCOUNTING DEPARTMENT OVERVIEW**

### **Organization**

The accounting department consists of staff that manages and process financial information for Greater Columbia Accountable Community of Health. The positions comprising the accounting department of Greater Columbia Accountable Community of Health:

1. Director of Finance & Contracts
2. Finance & Contracts Coordinator

Other officers and employees of Greater Columbia Accountable Community of Health, who have financial responsibilities, are as follows:

1. Executive Director
2. Department Directors
3. Treasurer – Board-Level
4. Full Board of Directors

### **Responsibilities**

The primary responsibilities of the accounting department consist of:

1. General Ledger
2. Budgeting
3. Cash and Investment Management

4. Asset Management
5. Grants and Contracts Administration
6. Purchasing
7. Accounts Receivable and Billing
8. Accounts Payable
9. Payroll and Benefits
10. Financial Statement Processing
11. External Reporting of Financial Information
12. Bank Reconciliation
13. Reconciliation of Sub-Ledgers
14. Compliance with Government Reporting Requirements
15. Annual Audit
16. Leases
17. Insurance

## **BUSINESS CONDUCT**

### **Practice of Ethical Behavior**

Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The policies and reputation of Greater Columbia Accountable Community of Health depend to a very large extent on the following considerations.

Each employee must apply her/his own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. It is each employee's responsibility to apply common sense in business decisions where specific rules do not provide all the answers.

In determining compliance with this standard in specific situations, employees should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with Greater Columbia Accountable Community of Health policy?
4. Am I sure my action does not appear inappropriate?
5. Am I sure that I would not be embarrassed or compromised if my action became known with the Organization or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?
7. Would I feel comfortable defending my actions on the 6 o'clock news?

Each employee should be able to answer, "yes" to all of these questions before taking action. Each Director, Manager and supervisor is responsible for the ethical business behavior of her/his subordinates. Directors, Managers and supervisors must weigh carefully all courses of action suggested in ethical as well as economic terms, and base their final decisions on the guidelines provided by this policy as well as their personal sense of right and wrong.

### **Conflicts of Interest**

In addition, no employee, officer, or agent of Greater Columbia Accountable Community of Health shall participate in the selection, award, or administration of a contract involving Greater Columbia Accountable Community of Health if a real or apparent conflict of interest would be involved. Such a

conflict would arise when the employee, officer, or agent, or any member of her or his immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected.

### **Compliance with Laws, Regulations and Organization Policies**

Greater Columbia Accountable Community of Health does not tolerate the willful violation or circumvention of any Federal, state, local, or foreign law by an employee during that person's employment; nor does the Organization tolerate the disregard or circumvention of Greater Columbia Accountable Community of Health policy or engagement in unscrupulous dealings. Employees should not attempt to accomplish by indirect means, through agents or intermediaries, that which is directly forbidden. Implementation of the provisions of this policy is one of the standards by which the performance of all levels of employees will be measured.

### **Disciplinary Action**

Failure to comply with the standards contained in this policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to the Organization or to the government, for any loss or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any employee charged with a violation of this policy will be afforded an opportunity to explain her/his actions before disciplinary action is taken.

Disciplinary action will be taken:

1. Against any employee who authorizes or participates directly in actions that are a violation of this policy.
2. Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
3. Against any Director, Manager or supervisor who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

## **FRAUD POLICY**

### **Scope**

This policy applies to any fraud or suspected fraud involving employees, officers or directors, as well as members, vendors, consultants, contractors, funding sources and/or any other parties with a business relationship with Greater Columbia Accountable Community of Health. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship with Greater Columbia Accountable Community of Health.

### **Policy**

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately to the Director of Finance & Contracts and or Executive Director, whichever is more appropriate. The Chairman of the Board of the Greater Columbia Accountable Community of Health is responsible for coordinating all investigations.

### **Actions Constituting Fraud**

The terms fraud, defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

1. Any dishonest or fraudulent act
2. Forgery or alteration of any document or account belonging to Greater Columbia Accountable Community of Health
3. Forgery or alteration of a check, bank draft, or any other financial document
4. Misappropriation of funds, securities, supplies, equipment, or other assets of Greater Columbia Accountable Community of Health
5. Impropriety in the handling or reporting of money or financial transactions
6. Disclosing confidential and proprietary information to outside parties
7. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to Greater Columbia Accountable Community of Health. Exception: gifts less than a nominal a \$25.00 in value.
8. Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment
9. Any similar or related irregularity

### **Other Irregularities**

Irregularities concerning an employee's moral, the Department Director and the Executive Director should resolve ethical, or behavioral conduct. If there is a question as to whether an action constitutes fraud, contact the Director of Finance & Contracts or the Executive Director for guidance.

### **Investigation Responsibilities**

The Finance Committee has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. The Finance Committee may utilize whatever internal and/or external resources it considers necessary in conducting an investigation. If an investigation substantiates that fraudulent activities have occurred, the Finance Committee will issue reports to appropriate designated personnel and, if appropriate, to the Greater Columbia Accountable Community of Health Board of Directors and/or the Executive Committee. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final dispositions of the case.

If suspected fraud or other wrongdoing involves programs funded in whole or in part with federal funds, additional responsibilities, such as special reporting and disclosure to the awarding agency, may apply to the organization. It is the policy of Greater Columbia Accountable Community of Health to fully comply with all additional reporting, disclosure and other requirements pertaining to suspected acts of fraud as described in award documents.

### **Confidentiality**

The Finance Committee, the Executive Director and the Director of Finance & Contracts treat all information received confidentially. Any employee who discovers or suspects dishonest or fraudulent activity will notify the Director of Finance & Contracts, and or the Executive Director/Finance Committee Chair immediately, and should not attempt to personally conduct investigations or

interviews/interrogations related to any suspected fraudulent act (see **Reporting Procedures** section below).

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect Greater Columbia Accountable Community of Health from potential civil liability.

### **Authority for Investigation of Suspected Fraud**

Members of the Greater Columbia Accountable Community of Health Finance Committee will have:

1. Free and unrestricted access to all Greater Columbia Accountable Community of Health records and premises, whether owned or rented; and
2. The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody or any such items or facilities when it is within the scope of their investigations.

### **Reporting Procedures**

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will contact the Director of Finance & Contracts, or the Executive Director and or the Chair of the Finance Committee immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Finance Committee or legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation", "the crime", "the fraud", "the forgery", "the misappropriation", or any other specific reference.

The reporting individual should be informed of the following:

1. Do not contact the suspected individual in an effort to determine facts or demand restitution.
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Greater Columbia Accountable Community of Health legal counsel or the Finance Committee.

## **SECURITY**

### **Accounting Department**

A locking door will be maintained upon entry leading into the Greater Columbia Accountable Community of Health Administration Organization. In addition, the Director of Finance & Contracts office will have a lock and be keyed differently than the main entry to the organization. Those doors shall be closed and locked in the evenings and whenever the Director of Finance & Contracts is vacant. The key to the main entry lock will be provided to all administrative personnel. All keys will be



collected back upon departure of any GCACH employees from the organization. The lock on the Director of Finance & Contracts door will be changed whenever any of these key individuals leaves the employment of Greater Columbia Accountable Community of Health.

The Greater Columbia Accountable Community of Health blank check stock shall be stored in a file cabinet in the Director of Finance & Contracts Office. This cabinet will be locked with a key that is kept in the Director of Finance & Contract's office. Access to this file cabinet shall be by keys in the possession of the Director of Finance & Contracts and the Executive Director.

### **Access to Electronically Stored Accounting Data**

It is the policy of Greater Columbia Accountable Community of Health to utilize passwords to restrict access to accounting software and data. Only duly authorized accounting personnel with data input responsibilities will be assigned passwords that allow access to the accounting system.

Accounting personnel are expected to keep their passwords secret and to change their passwords on a regular basis. Administration of passwords shall be performed by the Director of Finance & Contracts and/or the Executive Director.

Each password enables a user to gain access to only those accounting software and data files necessary for each employee's required duties.

### **General Office Security**

During normal business hours, all visitors are welcome as long as a full-time employee is present. Keys are issued only to regular full-time employees of Greater Columbia Accountable Community of Health.

## **GENERAL LEDGER AND CHART OF ACCOUNTS**

The general ledger is defined as a group of accounts that supports the information shown in the major financial statements. The general ledger is used to accumulate all financial transactions of Greater Columbia Accountable Community of Health and is supported by subsidiary ledgers that provide details for certain accounts in the general ledger. The general ledger is the foundation for the accumulation of data and reports.

### **Chart of Accounts Overview**

The chart of accounts is the framework for the general ledger system, and therefore the basis for Greater Columbia Accountable Community of Health's accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense and gain and loss account.

Greater Columbia Accountable Community of Health's chart of accounts is comprised of six types of accounts:

1. Assets
2. Liabilities
3. Net Assets
4. Revenues
5. Expenses

## **Distribution of Chart of Accounts**

All Greater Columbia Accountable Community of Health employees involved with account coding responsibilities (assignment or review of coding) or budgetary responsibilities will be issued a current chart of accounts. As the chart of accounts is revised, an updated copy of the chart of accounts shall be distributed to these individuals promptly.

## **Control of Chart of Accounts**

Greater Columbia Accountable Community of Health's chart of accounts is monitored and controlled by the Director of Finance & Contracts. Responsibilities include the handling of all account maintenance, such as additions and deletions. The Director of Finance & Contracts, who ensures that the chart of accounts is consistent with the organizational structure of Greater Columbia Accountable Community of Health and meets the needs of each division and department, should approve any additions or deletions of accounts.

## **Classification of Net Assets**

Net assets of the Organization shall be classified based upon the existence or absence of donor-imposed restrictions as follows:

1. **Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations.
2. **Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that may or will be satisfied through the actions of the Organization and/or the passage of time.
3. **Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that the Organization permanently maintain certain contributed assets. Generally, donors of such assets permit the Organization to use all or part of the income earned from permanently restricted net assets for general operations or for specific purposes.

Net assets accumulated by Greater Columbia Accountable Community of Health that are not subject to donor-imposed restrictions, but which the board of directors of the Organization has earmarked for specific uses, shall be segregated in the accounting records as "board-designated" funds within the unrestricted category of net assets.

## **Changes to the Chart of Accounts**

Additions to, deletions from and/or any other changes to Greater Columbia Accountable Community of Health's standard chart of accounts shall only be done with the approval of the Director of Finance & Contracts.

## **Fiscal Year of Organization**

Greater Columbia Accountable Community of Health shall operate on a fiscal year that begins on January 1<sup>st</sup> and ends on December 30<sup>th</sup>. Any changes to the fiscal year of the organization must be ratified by majority vote of Greater Columbia Accountable Community of Health's Board of Directors.

## **Journal Entries**

Journal vouchers or other documentation, which shall include a reasonable explanation of each such entry, shall support all general ledgers entries that do not originate from a subsidiary ledger. Examples of such journal entries include:

1. Recording of cash receipts and non-cash transactions
2. Corrections of posting errors
3. Non-recurring accruals of income and expenses

Certain journal entries, called recurring journal entries, occur in every accounting period. These entries may include, but are not limited to:

1. Depreciation of fixed assets
2. Amortization of prepaid expenses
3. Accruals of recurring expenses
4. Amortization of deferred revenue

Support for recurring journal entries shall be in the form of a schedule associated with the underlying asset or liability account or, in the case of short-term recurring journal entries or immaterial items, in the form of a journal voucher.

It is the policy of Greater Columbia Accountable Community of Health that the Director of Finance & Contracts shall authorize all journal entries not originating from subsidiary ledgers in writing by initialing or signing the entries.

## **POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS**

### **REVENUE**

#### **Revenue Recognition Policies**

Greater Columbia Accountable Community of Health receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements of Greater Columbia Accountable Community of Health in the following manner:

1. **Grant income** - Monthly accrual based on incurrence of allowable costs (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards)
2. **Conference and Training revenue** - Deferred as received, reclassified to income at close of the month in which the conference or training is held
3. **Contributions** - Recognized as income when received, unless accompanied by restrictions or conditions (see the next section on contribution income)

As deemed appropriate by the Director of Finance & Contracts, immaterial categories of revenue may be recorded on the cash basis of accounting (i.e. recorded as revenue when received)

### **CONTRIBUTIONS RECEIVED**

#### **Definitions**

The following definitions shall apply with respect to the policies described in this section:

**Contribution** - An unconditional transfer of cash or other assets to the Organization, or a settlement or cancellation of the Organization's liabilities, in a voluntary nonreciprocal transfer by another entity acting other than as an owner.

**Condition** - A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets it has transferred to the Organization or releases the promisor from its obligation to transfer its assets.

**Restriction** - A donor-imposed stipulation that specifies a use for the contributed asset that is more specific than broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in Greater Columbia Accountable Community of Health's articles of incorporation and bylaws. Restrictions on Greater Columbia Accountable Community of Health's use of an asset may be temporary or permanent.

**Nonreciprocal Transfer** – Is a transaction in which an entity incurs a liability or transfers assets to Greater Columbia Accountable Community of Health without directly receiving value from Greater Columbia Accountable Community of Health in exchange.

**Promise to Give** - A written or oral agreement to contribute cash or other assets to Greater Columbia Accountable Community of Health.

**Exchange Transaction** - A reciprocal transaction in which Greater Columbia Accountable Community of Health and another entity each receive and sacrifice something of approximately equal value.

### **Accounting for Contributions**

Greater Columbia Accountable Community of Health shall recognize contribution income in the period in which the Organization receives restricted or unrestricted assets in nonreciprocal transfers, or unconditional promises of future nonreciprocal asset transfers, from donors. Contribution income shall be classified as increases in unrestricted, temporarily restricted, or permanently restricted net assets based on the existence or absence of such restrictions.

Unconditional promises to give shall be recorded as assets and increases in temporarily restricted net assets (contribution income) of Greater Columbia Accountable Community of Health in the period that Greater Columbia Accountable Community of Health receives evidence that a promise to support the Organization has been made. Unconditional promises to give that are to be collected within one year shall be recorded at their face value, less any reserve for uncollectible promises, as estimated by management. Unconditional promises to give that are collectible over time periods in excess of one year shall be recorded at their discounted net present value. Accretion of discount on such promises to give shall be recorded as contribution income in each period leading up to the due date of the promise to give. The interest rate that shall be used in calculating net present values of unconditional promises to give is the risk-free rate of return available to Greater Columbia Accountable Community of Health at the time the Organization receives a promise from a donor.

When the final time or use restriction associated with a contributed asset has been met, a reclassification between temporarily restricted and unrestricted net assets shall be recorded.

When it receives support in the form of volunteer labor, Greater Columbia Accountable Community of Health shall record contribution income and assets or expenses if one of the following two criteria is met:

1. The contributed service creates or enhances a nonfinancial asset (such as a building or equipment), or
2. The contributed service possesses all three of the following characteristics:
  - a) It is the type of service that would typically need to be purchased by Greater Columbia Accountable Community of Health if it had not been contributed,
  - b) It requires specialized skills (i.e. formal training in a trade or profession), and
  - c) It is provided by an individual possessing those specialized skills.

Contributed services that meet one of the two preceding criteria shall be recorded at the fair market value of the service rendered.

### **Receipts and Disclosures**

Greater Columbia Accountable Community of Health and its donors are subject to certain disclosure and reporting requirements imposed under the Internal Revenue Code and the underlying Regulations. To comply with those rules, Greater Columbia Accountable Community of Health shall adhere to the following guidelines with respect to contributions received by the Organization.

For any separate contribution received by Greater Columbia Accountable Community of Health, it shall provide a receipt to the donor. The receipt shall be prepared by the Greater Columbia Accountable Community of Health Administration Department. All receipts prepared by Greater Columbia Accountable Community of Health shall include the following information:

1. The amount of cash received and/or a description (but not an assessment of the value) of any noncash property received
2. A statement of whether Greater Columbia Accountable Community of Health provided any goods or services to the donor in consideration, in whole or in part, for any of the cash or property received by the Organization from the donor, and
3. If any goods or services were provided to the donor by Greater Columbia Accountable Community of Health, a description and good faith estimate of the value of those goods or services.

The preceding thresholds are adjusted for inflation by the IRS on an annual basis. Inflation adjustments are incorporated into this policy manual by reference. The accounting department shall prepare all estimates of the fair market value of goods or services provided by Greater Columbia Accountable Community of Health.

It is the policy of Greater Columbia Accountable Community of Health to comply with all current federal and state rules regarding solicitation and collection of charitable contributions, whether specifically addressed in this manual or not, as well as all future revisions to those rules.

## **Billing/Invoicing Policies**

### **Responsibilities for Billing and Collection**

Greater Columbia Accountable Community of Health's Accounting Department is responsible for the invoicing of goods and services as well as the collection of outstanding receivables. (Note: Cash receipts, credit memo, and collection policies will be discussed in subsequent sections).

### **Accounts Receivable Entry Policies**

Posting of customer invoices to the accounts receivable subsidiary ledger of shall be performed by individuals independent of the cash receipts function of Greater Columbia Accountable Community of Health.

### **Classification of Income and Net Assets**

All income received by Greater Columbia Accountable Community of Health is classified as "unrestricted", except for the following:

1. Grants and other awards received from government agencies or other grantors, which are classified as temporarily restricted

From time to time, Greater Columbia Accountable Community of Health may raise other forms of contribution income that carry stipulations that Greater Columbia Accountable Community of Health utilize the funds for a specific purpose or within a specified time period identified by the donor of the funds. When this form of contribution income is received, Greater Columbia Accountable Community of Health shall classify this income as Temporarily Restricted income.

As with all Temporarily Restricted net assets, when the restriction associated with a contribution has been met (due to the passing of time or the use of the resource for the purpose designated by the donor), Greater Columbia Accountable Community of Health will reclassify the related net assets from "Temporarily Restricted" to "Unrestricted" in its Statement of Financial Position and reflect this reclassification as an activity in its Statement of Activities.

From time to time, the Greater Columbia Accountable Community of Health Board of Directors may determine that it is appropriate to set funds aside for specific projects. To the extent these set-asides result from a Board action, rather than a donor-imposed requirement, the resulting set-aside shall be classified as "unrestricted". However, to identify these funds as being set aside for special projects, such set-asides shall be labeled "Board-Designated" funds within the unrestricted net assets of Greater Columbia Accountable Community of Health and shall be reported as a separate component of unrestricted net assets on the Greater Columbia Accountable Community of Health financial statements.

## **CASH RECEIPTS**

### **Overview**

Cash (including checks payable to the organization) is the most liquid asset an organization has. Therefore, it is the objective of Greater Columbia Accountable Community of Health to establish and follow the strongest possible internal controls in this area.

### **Processing of Checks and Cash Received in the Mail**

For funds that are received directly at Greater Columbia Accountable Community of Health are centralized to ensure that cash received is appropriately directed, recorded and deposited on a timely basis.

Mail is opened immediately upon receiving. Cash and/or checks will be deposited with two business days upon receipt to Numerica Bank. If the check is not deposited the day of receipt, the check will remain in a locked cabinet within the Director of Finance and Contracts office until deposit can be made.

A deposit slip is prepared from the cash/checks received and compared to the general ledger listing for discrepancies. Deposits are prepared and taken to the bank by the Director of Finance & Contracts.

### **Endorsement of Checks**

It is the policy of Greater Columbia Accountable Community of Health that all checks received that are payable to the Organization shall immediately be restrictively endorsed by the Executive Director. The restrictive endorsement shall be a wet signature that includes the following information:

1. For Deposit Only
2. Greater Columbia Accountable Community of Health
3. The bank name
4. The bank account number of Greater Columbia Accountable Community of Health

### **Timeliness of Bank Deposits**

It is the policy of Greater Columbia Accountable Community of Health that bank deposits will be made within two business days of receipt, unless the total amount received for deposit is more than \$5,000.00, or a cash sum for more than \$500.00.

### **Reconciliation of Deposits**

On a periodic basis, the Director of Finance & Contracts, shall reconcile the listings of receipts to bank deposits reflected on the monthly bank statement. Any discrepancies shall be immediately investigated.

### **On-Site Collections at Conferences and Trainings.**

Cash and check payments may be accepted at conferences and trainings for payment of registration fees. The following policies apply to the processing of on-site payments:

1. Cashier duties are segregated from the processing of registrations
2. A special, multi-part, on-site receipt form is utilized; these forms shall be pre-numbered and accounted for
3. One part of the receipt form is returned to the registrant as a receipt for payment
4. All documentation associated with these transactions is brought back and turned in to the accounting department immediately following the conference or training. This documentation will include the actual checks collected, and any cash. Thereafter, deposits are processed as described earlier in this section.

# ACCOUNTS RECEIVABLE MANAGEMENT

## Monitoring and Reconciliation

Monthly, a detailed accounts receivable report (showing aged, outstanding invoices by customer) is generated and reconciled to the general ledger by the Director of Finance & their team. All differences are immediately investigated and resolved, and the Director of Finance & Contracts reviews the reconciliation.

## Collections

Collections are performed monthly, according to a review of the outstanding items shown on the accounts receivable aging report. This report shows the current month's activity for each customer and prior months' balances outstanding for 30, 60, 90, and 120 days.

Customers with unpaid balances receive statements every thirty days. After a balance is unpaid for 30 days, a finance department employee will contact the customer by telephone and attempt to collect the amount due. A record will be kept of all telephone contacts.

If 60 days have elapsed without payment, a letter will be sent to the customer requesting payment or documentation that payment has already been made. In addition, weekly telephone calls will be placed in an attempt to collect the amount due.

If 120 days have passed without payment, the account will be turned over to a collection agency if the amount due is less than \$10,000.00. If the amount due is greater than \$10,000.00, the account will be turned over to the Organization's attorney.

## Credits and Other Adjustments to Accounts Receivable

From time to time, credits against accounts receivable from transactions other than payments and bad debts will occur. Examples of other credits include returned products and adjustments for billing errors. An employee from the finance team will process all credits. In addition, the Director of Finance & Contracts shall authorize all credits.

## Accounts Receivable Write-Off Authorization Procedures

It is the policy of Greater Columbia Accountable Community of Health to ensure that all available means of collecting accounts receivable have been exhausted before write-off procedures are initiated. The Department associated with the amount to be written off, in conjunction with the finance department initiates write-offs. If an account receivable is deemed uncollectible, the following approvals are required before the write-off is processed:

<u>Amount</u>	<u>Authorized in writing by</u>
Less than \$500.00	Director of Finance & Contracts
\$500.00 or more	Executive Director

Once a write-off has been processed, appropriate individuals in the originating department are to be advised to ensure that further credit is not granted and to update the master list of bad accounts. Customers listed as poor credit risks will be extended future credit only if the back debt is paid and the customer is no longer deemed a collection problem.



If write-off procedures have been initiated, the following accounting treatment applies:

1. Current year invoices that are written off will either be charged against an appropriate revenue or revenue adjustment account or against the original account credited.
2. Invoices written off that are dated prior to the current year will be treated as bad debt and will reduce the allowance for doubtful accounts, discussed in the next section.

## **POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS**

### **PURCHASING POLICIES AND PROCEDURES**

#### **Overview**

**THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY GREATER COLUMBIA ACCOUNTABLE COMMUNITY OF HEALTH.**

It is the policy of Greater Columbia Accountable Community of Health to follow a practice of ethical, responsible and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The policies in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities. In addition, Greater Columbia Accountable Community of Health may occasionally purchase equipment and furniture that will be used exclusively on a program funded by a Federal Agency. Equipment and furniture charged to Federal awards will be subject to certain contract policies as described in each federal grant contracts. When required, purchases of "equipment" with federal funds shall be approved in advance in writing by the federal awarding agency.

#### **Responsibility for Purchasing**

Only the Executive Director and the Director of Finance & Contracts shall have the authority to initiate purchases on behalf of GCACH, within the guidelines described in this policies manual and under all regulations per the color of money (i.e.. Federal, State, Granting Agency, etc.). In addition, the Executive Director and Director of Finance & Contracts may delegate purchasing authority to responsible individuals within their organization. The Executive Director shall inform the Director of Finance & Contracts of all individuals that may initiate purchases or prepare purchase orders. The finance department shall maintain a current list of all authorized purchasers of Greater Columbia Accountable Community of Health.

The Finance department shall be responsible for processing purchase orders. The Executive Director has approval authority over all purchases and contractual commitments as defined in this policy. The Director of Finance & Contracts along with the Executive Director shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial.

#### **Non-Discrimination Policy**

All vendors/contractors who are the recipients of Organization funds, or who propose to perform any work or furnish any goods under agreements with Greater Columbia Accountable Community of Health shall agree to these important principles:

1. Vendors/Contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the vendors/contractors.
2. Vendors/contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause. Notices, advertisement and solicitations placed in accordance with Federal law, rule or regulation shall be deemed sufficient for meeting the intent of this section.

### **Use of Purchase Orders**

It is the policy of Greater Columbia Accountable Community of Health to utilize a purchase order request in electronic or written form. A properly completed purchase order request shall be required for each purchase decision (i.e. total amount of goods and services purchased) with the exception of expense reimbursements, which require the preparation of a separate form described elsewhere in this manual. A properly completed Purchase Order request shall contain the following information, at a minimum:

1. Specifications or statement of services required
2. Vendor name, address, point of contact and phone number
3. Source of funding (if applicable)
4. Delivery or performance schedules
5. Special conditions (if applicable)
6. Net price per unit, less discount, if any
7. Total amount of order
8. Authorized signature
9. Date prepared/requested

### **Authorizations and Purchasing Limits**

The Executive Director or Director of Finance & Contracts must sign all completed purchase order requests. In addition, the Director of Finance & Contracts must approve all purchases. The Executive Director will also approve all purchases over \$3,000.00. The finance department shall be responsible for processing all purchase order requests and office supply requests. The Marketing Manager has authorization to purchase up to \$300 in marketing supplies with approval from the Director of Finance and Contracts.

All contracts more than \$500.00 between Greater Columbia Accountable Community of Health and outside parties must be reviewed and approved by the Director of Finance & Contracts, as well as the Executive Director. The Executive Director is authorized to enter into any contract on behalf of Greater Columbia Accountable Community of Health.

### **Required Solicitation of Quotations from Vendors**

Purchase decisions under \$10,000 for labor, equipment, supplies or services purchased, leased or contracted for shall be approved by the Executive Director and do not require any quotes from vendors.

Purchase decisions between \$10,000.00-\$150,000 for labor, equipment, supplies or services purchased, leased or contracted for shall be made only after receiving, whenever possible, oral

quotations from at least two (2) vendors.

Purchase decisions \$50,000-\$150,000 for labor, equipment, supplies or services purchased, leased or contracted for shall be made only after receiving whenever possible, written quotations from at least two (2) vendors. Specific selections shall be recommended, via the Directors, to the Director of Finance & Contracts for approval with written quotations attached for review. Recommendations shall be based on consideration of all applicable criteria as described under "Evaluation of Alternative Vendors" below.

Obtaining competitive proposals from at least three (3) responsible vendors shall make all Purchase decisions of \$150,000 or more. Sealed bids shall be utilized when required by a Federal-awarding agency.

Solicitations for goods and services (requests for proposals(RFP)) should provide for all of the following:

1. A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features, which unduly restrict competition.
2. Requirements that the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals (see the next section entitled "Evaluation of Alternative Vendors" for required criteria)
3. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
4. The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitations.
5. The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.
6. A description of the proper format, if any, in which proposals must be submitted, including the name of the Greater Columbia Accountable Community of Health person to whom proposals should be sent.
7. The date by which proposals are due.
8. Required delivery or performance dates/schedules.
9. Clear indications of the quantity (ies) requested and unit(s) of measure.

### **Extensions of Due Dates and Receipt of Late Proposals**

Solicitations should provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, in the event that a prospective offeror requests an extension to a due date specified in a solicitation, and such an extension is both justified and compatible with the requirements of Greater Columbia Accountable Community of Health, an extension may be granted by the Director of Finance & Contracts or Executive Director.

Vendor proposals are considered late if received after the due date and time specified in the solicitation. All such late proposals shall be marked "Late Proposal" on the outside of the envelope and retained, unopened, in the procurement folder. Vendors that submit late proposals shall be sent a letter notifying them that their proposal was late and could not be considered for award.

### **Evaluation of Alternative Vendors**

Alternative vendors shall be evaluated on a weighted scale that considers the following criteria:

1. Adequacy of the proposed methodology of the vendor
2. Skill and experience of key personnel
3. Demonstrated company experience
4. Other technical specifications (designated by the Director(s) requesting proposals)
5. Compliance with administrative requirements of the request for proposal (format, due date, etc.)
6. Vendor's financial stability
7. Vendor's demonstrated commitment to the nonprofit sector
8. Results of communications with references supplied by vendor
9. Ability/commitment to meeting time deadlines
10. Cost
11. Other criteria (to be specified by Director(s) requesting proposal)

Not all the preceding criteria may apply in each purchasing scenario. However, in each situation requiring consideration of alternative vendors, the director responsible for the purchase shall establish the relative importance of each criterion prior to requesting proposals and shall evaluate each proposal based on the criteria and weighting that have been determined. After a vendor has been selected it must be final approved by the requesting Director, the Director of Finance & Contracts and the Executive Director prior to entering into a contract.

### **Affirmative Consideration of Minority, Small Business and Women-Owned Businesses**

Positive efforts shall be made by Greater Columbia Accountable Community of Health to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible. The following steps shall be taken in furtherance of this goal:

1. Ensure that small business, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.
2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms and women's business enterprises.
3. Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms and women's business enterprises.
4. Encourage contracting with consortiums of small businesses, minority owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually.
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the minority-owned firms and women's business enterprises.

### **Special Purchasing Conditions**

#### ***Emergencies:***

Where equipment, materials, parts, and/or services are needed, quotations will not be necessary if the health, welfare, safety, etc., of staff and protection of Organization property is involved.

#### ***Single Distributor/Source:***

Where there is only one (1) distributor for merchandise needed and no other product meets the stated needs or specifications, quotations will not be necessary.

## **Vendor Files and Required Documentation**

The Finance Department shall maintain an electronic tracking for all vendors from whom Greater Columbia Accountable Community of Health purchases goods or services.

Any vendor (regardless of whether a contract is involved), who is not an employee of GCACH and has been paid for services exceeding \$600 shall complete a Form W-9. The Finance Department shall mail a blank Form W-9 to that vendor, along with a request for the vendor to complete and sign the W-9 or provide equivalent, substitute information and return it in the postage-paid envelope provided. Completed, signed Forms W-9 or substitute documentation shall be filed in each vendor's folder. Vendors who do not return a completed, signed Form W-9 or provide equivalent documentation shall not receive payment until it is received. At the end of each calendar year the finance department shall issue a Form 1099 in accordance with Internal Revenue policies.

## **Ethical Conduct in Purchasing**

Ethical conduct in managing the Organization's purchasing activities is an absolute essential. Staff must always be mindful that they represent the Board of Directors and share a professional trust with other staff and the general membership.

Staff shall discourage the offer of, and decline, individual gifts or gratuities of value in any way that might influence the purchase of supplies, equipment, and/or services. Staff shall notify their immediate supervisor if they are offered such gifts. Gifts to the Organization, viewed as normal business incentives to obtain future Organization-approved business such as for meeting sites, are acceptable donations.

## **Conflicts of Interest Prohibited**

No officer, board member, employee, or agent of Greater Columbia Accountable Community of Health shall participate in the selection or administration of a vendor if a real or apparent conflict of interest would be involved. Such a conflict would arise if an officer, board member, employee or agent, or any member of his/her immediate family, his/her spouse/partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the vendor selected.

Officers, board members, employees and agents of Greater Columbia Accountable Community of Health shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors or parties to sub-agreements. However, unsolicited gifts of a nominal value threshold, such as \$25 or less may be accepted with the approval of the Executive Director.

## **Receipt and Acceptance of Goods**

The Administration Department shall inspect all goods received. Upon receipt of any item from a vendor, the following actions shall immediately be taken:

1. Review bill of lading for correct delivery point
2. Verify the quantity of boxes/containers with the bill of lading
3. Examine boxes/containers for exterior damage
4. Note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.)
5. Sign and date the bill of lading

6. Retain a copy of the bill of lading
7. Provide the bill of lading to the finance department

It is the policy of Greater Columbia Accountable Community of Health to perform the preceding inspection procedures in a timely manner to facilitate prompt return of goods and/or communication with vendors.

## **POLITICAL INTERVENTION**

### **Prohibited Expenditures**

Consistent with its tax-exempt status under the Internal Revenue Code, it is the policy of Greater Columbia Accountable Community of Health that the Organization shall not incur any expenditure for political intervention. For purposes of this policy, political intervention shall be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the federal, state or local level. Political intervention does not include lobbying activities, defined as the direct or indirect support or opposition for legislation, which is not prohibited under the Internal Revenue Code for Greater Columbia Accountable Community of Health. Examples of prohibited political expenditures include, but are not limited to, the following:

1. Contributions to political action committees
2. Contributions to the campaigns of individual candidates for public office
3. Contributions to political parties
4. Expenditures to produce printed materials (including materials included in periodicals) that support or oppose candidates for public office
5. Expenditures for the placement of political advertisements in periodicals

### **Endorsements of Candidates**

It is the policy of Greater Columbia Accountable Community of Health not to endorse any candidates for public office in any manner, either verbally or in writing. This policy extends to the actions of management and other representatives of Greater Columbia Accountable Community of Health, when these individuals are acting on behalf of, or are otherwise representing, the Organization.

### **Prohibited Use of Organization Assets and Resources**

It is the policy of Greater Columbia Accountable Community of Health that no assets or human resources of the organization shall be utilized for political activities, as defined above. This prohibition extends to the use of Organization assets or human resources in support of political activities that are engaged in personally by board members, members of management, employees, or any other representatives of Greater Columbia Accountable Community of Health. While there is no prohibition against these individuals engaging in political activities personally (on their own time, and without representing that they are acting on behalf of the Organization), these individuals must at all times be aware that Organization resources cannot at any time be utilized in support of political activities.

## **ACCOUNTS PAYABLE MANAGEMENT**

### **Overview**

Greater Columbia Accountable Community of Health strives to maintain efficient business practices and good cost control. A well-managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and check reconciliation.

The amounts recorded are based on the vendor invoice for the related goods or services. The vendor invoice should be supported by an approved purchase order/request where necessary and should be reviewed and approved by the Director of Finance & Contracts prior to being processed for payment. Invoices and related general ledger account distribution codes should be provided by the purchaser and are reviewed prior to posting to the subsidiary system.

The primary objective for accounts payable and check disbursements is to ensure that:

1. Disbursements are properly authorized
2. Invoices are processed in a timely manner
3. Vendor credit terms are managed for maximum benefits

### **Recording of Accounts Payable**

All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable in a timely manner. Accounts payable are processed on a daily basis. Information is approved and entered into the system from the finance department with appropriate documentation attached.

It is the policy of Greater Columbia Accountable Community of Health that only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the vendor records. No vendor statements shall be processed for payment.

### **Accounts Payable Cut-Off**

For purposes of the preparation of the Organization's monthly financial statements, all vendor invoices that are received, approved and supported with proper documentation by the last day of the prior month shall be recorded as accounts payable as of the 2<sup>nd</sup> Thursday of the immediately preceding month if the invoice pertains to goods or services delivered by month-end.

### **Establishment of Control Devices**

The finance department establishes control of invoices as soon as invoices are received. Vendors will be instructed to mail all invoices directly to the Director of Finance & Contracts.

Upon receipt of invoices, each invoice shall be "date received" stamped, and distributed to the Director of Finance & Contracts for approval. The mail is to be checked at minimum, once a week, to ensure all invoices are paid in a timely manner.

### **Preparation of a Voucher Package**

Prior to any account payable being submitted for payment, a package shall be assembled. Each package shall contain the following documents:

1. Vendor invoice (or employee expense report)
2. Packing slip or receiving report attached (where appropriate)
3. Purchase Request or supply request



4. Any other supporting documentation deemed appropriate

### **Processing of Voucher Packages**

The finance department shall apply the following procedures to each package:

1. Check the mathematical accuracy of the vendor invoice.
2. Compare the nature, quantity and prices of all items ordered per the vendor invoice to the purchase order, packing slip and receiving report
3. Document the general ledger distribution, using the Organization's current chart of accounts
4. Obtain the review and approval of the Director (or their designee) associated with the goods or services purchased

Approvals by the director(s) initiating the purchase, indicate their acknowledgement of satisfactory receipt of the goods or services invoiced, agreement with all terms appearing on the vendor invoice, agreement with general ledger account codes, and agreement to pay vendor in full. Approvals shall be documented with initials or signatures of the approving individual.

### **Payment Discounts**

To the extent practical, it is the policy of Greater Columbia Accountable Community of Health to take advantage of all prompt payment discounts offered by vendors. When availability of such discounts is noted, and all required documentation in support of payment is available, payments will be scheduled so as to take full advantage of the discounts.

### **Employee Expense Reports**

Reimbursements for travel expenses, business meals, or other approved costs will be made only upon the receipt of a properly approved and completed expense reimbursement form. All receipts must be attached, and a brief description of the business purpose of trip or meeting must be noted on the form. Expense reports will be processed for payment within 2 business days upon receipt. Expenses unclaimed older than 30 days will not be reimbursed.

### **Reconciliation of A/P Subsidiary Ledger to General Ledger**

At the end of each calendar month, the total amount due to vendors per the accounts payable subsidiary ledger shall be reconciled to the total per the accounts payable general ledger account. All differences are investigated, and adjustments are made as necessary. The reconciliation and the results of the investigation of differences are reviewed and approved by the Director of Finance & Contracts.

Also, on a monthly basis, the finance department shall perform the following procedures:

1. Check all statements received for unprocessed invoices.
2. Check QuickBooks for open P.O.'s that are more than 30 days old and follow up.

## **TRAVEL AND BUSINESS ENTERTAINMENT**

### **Travel Advances**

Funds will be advanced for upcoming travel only upon receipt of a completed and properly approved request for travel advance. Travel advances are generally limited to 90% of the request unless there is an extraordinary need for additional funds. Advances for meals only may be made for 100% of cost. Travel advances are to be used only for the purpose intended. Travel expenses are to be made in accordance with the Organization's travel policies as explained in the Personnel Policies Handbook.

Employees receiving travel advances are required to sign for the advance signifying their acknowledgement of, and agreement to, these policies. Employees receiving travel advances must submit an expense report within 5 days of returning from travel. The Finance Department will not process a new travel advance or reimbursement when the employee has any outstanding advance reconciliation due. Any outstanding advances more than 30 days old may be deducted from an employee's next paycheck.

An employee will not be reimbursed for expense reports not meeting the approved criteria. If the Expense Report results in a balance due to Greater Columbia Accountable Community of Health (as a result of receiving a travel advance greater than actual business expenditures), the employee must attach a check to the Expense Report. No travel advances or current travel reimbursement will be issued to any employee who has an outstanding balance due to Greater Columbia Accountable Community of Health from previous business trips.

### **Spouse/Partner Travel**

It is the policy of Greater Columbia Accountable Community of Health not to reimburse any employee or board member for separate travel costs (air fare, etc.) associated with his/her spouse or partner. The cost of a shared hotel room need not be allocated between employee/director and spouse/partner for purposes of this policy.

## **CASH DISBURSEMENTS (CHECK-WRITING) POLICIES**

### **Check Preparation**

It is the policy of Greater Columbia Accountable Community of Health to print vendor checks and expense reimbursement checks, at minimum, on a weekly basis. The Finance Department will initiate the accounts payable check. The Director of Finance & Contracts reviews the disbursement and vouchers before checks are printed.

Checks are printed on an inkjet printer from a secure check software program located on the Director of Finance & Contract's computer. Passwords to access this computer and this program are restricted to the Executive Director and Director of Finance & Contracts and any other authorized personnel delegated by the Executive Director or Director of Finance & Contracts.

All vendor and expense reimbursement checks shall be produced in accordance with the following guidelines:

1. Expenditures must be supported in conformity with the purchasing, accounts payable, and travel and business policies described.
2. Timing of disbursements should generally be made to take advantage of all early-payment discounts offered by vendors
3. Generally, all vendors shall be paid within 30 days of submitting a proper invoice upon delivery of the requested goods or services

4. Total cash requirements associated with each check run is monitored in conjunction with available cash balance in bank prior to the release of any checks
5. All supporting documentation is attached to the corresponding check prior to forwarding the entire package to an authorized check signer
6. Checks shall be utilized in numerical order
7. Checks shall never be made payable to “bearer” or “cash”
8. Checks shall never be signed prior to being prepared
9. Upon the preparation of a check, vendor invoices and other supporting documentation shall immediately be marked “paid” in order to prevent subsequent reuse.

### **Check Signing**

Checks of less than \$5000.00 require a single signature. Checks of \$5000.00 or more require two signatures. No checks shall be signed prior to the check being completed in its entirety (no signing of blank checks).

Authorized check signers are the President of the Board of Directors, Executive Director, and the Director of Finance & Contracts. Unless otherwise expressed, the Executive Director should be the primary signee on all checks. The Board of Directors approves all authorized check signers.

Check signers should examine all original supporting documentation to ensure that each item has been properly checked prior to signing a check. Checks should not be signed if supporting documentation appears to be missing or there are any questions about a disbursement.

### **Mailing of Checks**

After signature, checks are placed in the USPS mail immediately or handed to the individual. If a client, vendor, or employee, requests to pick up their check, the check will be held at the Director of Finance & Contracts office for pick up before 3:30 PM. The Director of Finance & Contracts will disburse the check once proper identification is provided and verified.

### **Voided Checks and Stop Payments**

Checks may be voided due to processing errors by making proper notations defacing the check by clearly marking it as “VOID” and removing the signature line. All voided checks shall be retained to aid in preparation of bank reconciliations within the Director of Finance & Contracts office in a filing cabinet.

Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed by telephone instruction and written authorization to the bank by accounting personnel with this authority. A journal entry is made to record the stop payment and any related bank fees. A new check may be reissued once the above steps have been taken to clearly void the lost check.

### **Record-Keeping Associated with Independent Contractors**

Greater Columbia Accountable Community of Health shall obtain a completed Form W-9 or equivalent substitute documentation from all vendors to whom payments are made. A record shall be maintained of all vendors to whom a Form 1099 is required to be issued at year-end. Payments to such vendors shall be accumulated over the course of a calendar year and issued by January 31<sup>st</sup> of the proceeding year for the previous year vendors.

## **PAYROLL AND RELATED POLICIES**

### **Classification of Workers as Independent Contractors or Employees**

It is the policy of Greater Columbia Accountable Community of Health to consider all relevant facts and circumstances regarding the relationship between Greater Columbia Accountable Community of Health and the individual in making determinations about the classification of workers as independent contractors or employees. This determination is based on the degree of control and independence associated with the relationship between Greater Columbia Accountable Community of Health and the individual. Facts that provide evidence of the degree of control and independence fall into three categories:

1. Behavioral control
2. Financial control
3. The type of relationship of the parties

Facts associated with each of these categories that will be considered by Greater Columbia Accountable Community of Health in making employee/contractor determinations shall include:

1. Behavioral control:
  - a. Instructions given by Greater Columbia Accountable Community of Health to the worker that indicate control over the worker (suggesting an employee relationship), such as:
    - 1) When and where to work
    - 2) What tools or equipment to use
    - 3) What workers to hire or to assist with the work
    - 4) Where to purchase supplies and services
    - 5) What work must be performed by a specified individual
    - 6) What order or sequence to follow
  - b. Training provided by Greater Columbia Accountable Community of Health to the worker (i.e. employees typically are trained by their employer, whereas contractors typically provide their own training)
2. Financial control:
  - a. The extent to which the worker has unreimbursed business expenses (i.e. employees are more likely to be fully reimbursed for their expenses than is a contractor)
  - b. The extent of the worker's investment in the facilities/assets used in performing services for Greater Columbia Accountable Community of Health (greater investment associated with contractors)
  - c. The extent to which the worker makes services available to the relevant market
  - d. How Greater Columbia Accountable Community of Health pays the worker (i.e. guaranteed regular wage for employees vs. flat fee paid to some contractors)
  - e. The extent to which the worker can realize a profit or loss.
3. Type of Relationship:

- a. Written contracts describing the relationship that Greater Columbia Accountable Community of Health and the individual intend to create
- b. Whether Greater Columbia Accountable Community of Health provides the worker with employee-type benefits, such as insurance, paid leave, etc.
- c. The permanency of the relationship
- d. The extent to which services performed by the worker are a key aspect of the regular business of Greater Columbia Accountable Community of Health

If an individual qualifies for independent contractor status, the individual will be sent a Form 1099 if total compensation paid to that individual for any calendar year, on the cash basis is \$600 or more. The amount reported on a Form 1099 is equal to the compensation paid to that person during a calendar year (on the cash basis). Excluded from "compensation" are reimbursements of business expenses that have been accounted for by the contractor by supplying receipts and business explanations.

If an individual qualifies as an employee, a personnel file will be created for that individual and all documentation required by the Greater Columbia Accountable Community of Health personnel policies shall be obtained. The policies described in the remainder of this section shall apply to all workers classified as employees.

### **Payroll Administration**

Greater Columbia Accountable Community of Health shall compensate staff for documented work time and approved leave. Greater Columbia Accountable Community of Health operates on a bi-weekly payroll. The payroll period for employees will begin on a Sunday and end 14 days later on a Saturday. Payday is every other Friday. If a payday falls on a holiday, payday will be the day prior to the holiday. Payroll advances will not be allowed.

For all Greater Columbia Accountable Community of Health employees, a personnel file and a payroll file are established and maintained with current documentation. Each employee payroll file shall also indicate whether the employee is exempt or non-exempt from the provisions of the Fair Labor Standards Act.

### **Changes in Payroll Data**

It is the policy of Greater Columbia Accountable Community of Health that all of the following changes in payroll data are to be authorized in writing on appropriate personnel forms:

1. New hires
2. Terminations
3. Changes in salaries and pay rates
4. Voluntary payroll deductions
5. Changes in income tax withholding status
6. Court-ordered payroll deductions

New hires, terminations, and changes in salaries or pay rates shall be authorized in writing by the appropriate Supervisor and approved by the Director of Finance & Contracts.

The individual employee shall authorize voluntary payroll deductions, changes in income tax withholding status, health benefits, and 401K retirement deductions in writing.

Documentation of all changes in payroll data shall be maintained in each employee's payroll file or personnel file.

### **Payroll Taxes**

The Finance Department is responsible for ensuring all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid. The Finance Department may utilize the services of an outside payroll service center for the processing of payroll, as determined by the Director of Finance & Contracts and/or Executive Director.

### **Preparation of Timesheets**

In order to assure organization accountability, each individual employee is personally responsible for the daily recording of time worked each day and for all required documentation for leave. Employees shall only be paid for time that is documented.

Each Greater Columbia Accountable Community of Health employee must submit their time worked through the electronic time tracking application, T-Sheets, the second Friday concluding the two-week payroll work period. Timesheets shall be prepared in accordance with the following guidelines:

1. Each timesheet shall reflect all hours worked during the pay period (time spent on the job performing assigned duties), whether compensated or not.
2. Timesheets shall be prepared through computer generation.
3. Errors shall be corrected by contacting and working with the Director of Finance & Contracts. Errors shall be corrected electronically through T-Sheets. All errors shall be caught prior to running payroll for the past pay period.
4. Employees shall identify, and record hours worked based on the nature of the work performed;
5. Compensated absences (vacation, holiday, sick leave, etc.) should be clearly identified as such;
6. Timesheets shall be reviewed by the employee prior to payroll submission.

After preparation, the Director of Finance & Contracts shall approve timesheets. Corrections identified by an employee's supervisor shall be authorized by the employee by correcting the error and including a note within T-Sheets.

An employee is required for the daily recording of time worked. They are to keep their timesheets up to date in case of being ill or an emergency that prevents them from being here on the day that timesheets are due. The employee must note within T-Sheets a timesheet submitted in this manner immediately upon his/her return to the office. The timesheet shall be signed by the supervisor or the designated alternate, noting that the employee was not available.

### **Processing of Timesheets**

Timesheets are processed in the finance department by the Director of Finance & Contracts. All timesheets are checked for mathematical accuracy before inputting into the payroll system. The finance department will not change or correct timesheets involving hours worked without the approval of the employee, in which the employee shall initial such changes. Simple mathematical errors or recording of leave hours incorrectly may be changed by the Director of Finance & Contracts and initialed accordingly. Tampering with, altering, or falsifying time records, recording time on another employee's time record or willfully violating any other timesheet policy or procedure may result in disciplinary action, up to and including termination.

## **Review of Payroll**

Upon production of all payroll reports, the Director of Finance & Contracts will review payroll reports prior to its generation of checks for employees. The Director of Finance & Contracts shall electronically approve the payroll register, indicating approval of the payroll. All payroll checks are direct deposited and approved by the Director of Finance & Contracts.

## **Distribution of Payroll**

Payroll will be distributed bi-weekly, every other Friday (or on designated paydays according to the schedule payroll calendar) through direct deposit to the account specified on the employee's direct deposit form, maintained in their personnel file.

# **POLICIES PERTAINING TO SPECIFIC ASSET AND LIABILITY ACCOUNTS**

## **CASH AND CASH MANAGEMENT**

### **Cash Accounts**

#### **General Checking Account (operating account):**

The primary operating account provides for routine business check disbursements. All cash and checks deposits, received at Greater Columbia Accountable Community of Health office or through the mail, are made to this account. Cash transfers are done on an as needed basis to cover disbursements. Payroll and federal tax deposits are pulled from this account also.

All cash transfers are completed by the Director of Finance & Contracts and/or the Executive Director.

#### **Savings Account:**

The savings account maintains all incoming revenue until transferred in increments to the checking account to cover operational costs. Funding within this account is to in all attempts be maximized for optimal savings interest rate return. Interest rates will continue to rollover within the savings account until properly budgeted for and transferred to the checking's account for operational costs. This account is separate from the operating account. As such, all excess funds remain in this account.

### **Bank Reconciliation**

Bank account statements are pulled within the first week of the month by the Director of Finance & Contracts. This individual shall log in to the bank account, view the statement, and review its contents for unusual or unexplained items, such as unusual endorsements on checks, indications of alterations to checks, etc. Unusual or unexplained items shall be reported immediately to the Executive Director.

After this review is complete, the entire bank statement is reconciled within QuickBooks. It is the policy of Greater Columbia Accountable Community of Health to complete the bank reconciliation process within the month of receipt of each bank statement. The Director of Finance & Contracts, monthly, reviews all bank reconciliations, including any adjusting journal entries resulting from preparing bank reconciliations. Bank reconciliation's and copies of resulting journal entries are filed in the current

year's accounting files. All canceled checks returned with bank statements shall be filed in numerical order.

### **Cash Flow Management**

The Director of Finance & Contracts monitors cash flow needs on a weekly basis to eliminate idle funds and to ensure that payment obligations can be met. Cash transfers between bank accounts are performed on an as-needed basis.

### **Stale Checks**

It is the policy of Greater Columbia Accountable Community of Health to write off checks that are more than 6 months old that have not cleared the Organization's bank. For uncashed checks that are more than 6 months old, contact will be made with the payee to resolve the issue.

All stale checks that are written off within the same fiscal year as they were written shall be credited to the same expense or grant account that was debited when the check was written, or the expenditure incurred. For stale checks written off in fiscal years subsequent to the year in which the check was written, the credit shall be to the same expense in the current grant account year.

### **Wire Transfers**

The Director of Finance & Contracts and the Executive Director shall be the only Greater Columbia Accountable Community of Health employees authorized to transact wire transfers from Greater Columbia Accountable Community of Health bank accounts. To prevent anyone other than the Director of Finance & Contracts and the Executive Director from transacting wire transfers, the bank login information shall only be given to the Director of Finance & Contracts & the Executive Director. Pass codes, issued only to the Director of Finance & Contracts and Executive Director, and are assigned by the bank.

## **INVENTORY**

### **Description of Inventory**

Greater Columbia Accountable Community of Health maintains an inventory of office supplies for use of all employees.

### **Accounting for Inventory**

It is the policy of Greater Columbia Accountable Community of Health to account for inventory at cost, using the first-in, and first-out method of valuation. Unit cost shall be computed by adding freight, insurance and other shipping costs to the actual cost of purchased inventory, dividing this total amount by the number of units purchased.

### **Physical Counts**

It is the policy of Greater Columbia Accountable Community of Health to perform a physical count of office inventory on annual basis. Any inventory items that appear damaged, obsolete or otherwise unable to be sold shall be excluded from the counts. The individuals involved in taking the inventory



shall keep a detailed record of the physical count. The inventory list shall be adjusted to reflect the total inventory on hand as determined by the physical count.

## **INVESTMENT POLICIES**

### **PURPOSE OF INVESTMENT POLICY**

The purpose of this Investment Policy is to provide a clear statement of the Greater Columbia Accountable Community of Health 's (GCACH) investment objective, to define the responsibilities of the Board of Directors and the Finance Committee involved in managing GCACH's investments, and to identify permissible investments.

### **INVESTMENT OBJECTIVE**

The overall investment objective of the GCACH is to minimize risk and expenses.

### **GENERAL PROVISIONS**

- All transactions shall be for the sole benefit of the GCACH.
- The Board of Directors (Board) shall update GCACH's investment policy, and review GCACH's risk tolerance and investment horizon on an annual basis.
- The Board shall conduct an annual review of GCACH's investment assets to verify the existence and marketability of the underlying assets or satisfy themselves that such a review has been conducted in connection with an independent audit (if any) of the GCACH's financial statements.
- Any investment that is not expressly permitted under this Policy must be formally reviewed and approved by the Board.
- The Board will endeavor to operate GCACH's investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets.
- Investments shall be diversified with a view to minimize risk.

### **DELEGATION OF RESPONSIBILITY; RELIANCE ON EXPERTS AND ADVISORS**

- The Board of Directors has ultimate responsibility for the investment and management of the GCACH's investment assets.
- The Board may delegate authority over GCACH's investments to the Finance Committee or other properly formed committee, being a Board Committee comprised only of the Board.
- The Board or Board Committee may hire outside experts as investment consultants or investment managers.

### **GENERAL INVESTMENT GUIDELINES**

- A copy of this Investment Policy shall be provided to all Investment Managers.
- The Organization is a tax-exempt organization as described in section 501(c)(3) of the Internal Revenue Code. This tax-exempt status should be taken into consideration when making GCACH investments.
- GCACH is expected to operate in perpetuity; therefore, a 5-year investment horizon shall be employed. Interim fluctuations should be viewed with appropriate perspective.
- A cash account shall be maintained with a zero to very low risk tolerance to keep cash available for budgeted operating expenses.
- Transactions shall be executed at reasonable cost, taking into consideration prevailing market conditions and services and research provided by the executing broker.

- Permitted investments include: Checking, Savings, Bonds, and CD accounts.
- Investments within the investment portfolio should be readily marketable.
- The investment portfolio should not be a blind pool; each investment must be available for review.

## **Introduction**

It is the policy of Greater Columbia Accountable Community of Health to treat all assets of the organization, including those funds that are legally unrestricted, as though they are held by Greater Columbia Accountable Community of Health in a fiduciary capacity for the purpose of accomplishing the organization's tax-exempt mission. As such, the policies described in this section are to be interpreted in light of that overall sense of stewardship, and the investment standards of Greater Columbia Accountable Community of Health shall be those of a prudent investor.

## **Investment Objectives**

Greater Columbia Accountable Community of Health's investment objectives are the preservation and protection of the organization's assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities, by earning an appropriate return on investments.

## **Allowable Investments**

Investments of Greater Columbia Accountable Community of Health shall be made exclusively with the following securities:

1. Federally-insured Certificates of Deposit, not to exceed \$100,000, including interest, at commercial banks or savings and loan institutions;
2. U.S. Treasury securities and securities of Federal agencies and instrumentalities;
3. Repurchase agreements with financial institutions, collateralized by U.S. Treasury or Federal agency securities;
4. Money market funds that invest in securities approved under these guidelines.

Greater Columbia Accountable Community of Health shall not engage in margin transactions, short selling, commodity transactions or use of derivatives.

## **Diversification**

No more than fifty percent of the investments of Greater Columbia Accountable Community of Health shall be in the securities of any one issuer, with the exception of obligations of the U.S. government, its agencies and instrumentalities, and federally insured certificates of deposit.

## **Procedures and Reporting**

The following procedures will be followed to ensure that investments are properly managed and that these investment policies are consistent with the mission of Greater Columbia Accountable Community of Health and accurately reflect the current financial condition of the Organization:

1. The Director of Finance & Contracts shall maintain a schedule of investments and reconcile this schedule with the general ledger and with investment account statements on a monthly basis. The schedule of investments shall include the following information with respect to each investment:

- a. Date acquired
  - b. Method of acquisition (purchase or donation)
  - c. Cost or basis at acquisition
  - d. Description of investment
  - e. Interest rate (if applicable)
  - f. Date of maturity (if applicable)
  - g. Holder/issuer of security
  - h. Current market value
  - i. Unrealized gain or loss
  - j. Accrued interest receivable (if applicable)
  - k. Income received, year-to-date (i.e. interest, dividends, etc.)
2. The Director of Finance & Contracts shall prepare any investments for presentation on a monthly basis for the Board of Directors if investments have taken place.
  3. The Yearly investment reports shall detail the portfolio's composition and performance for the year-to-date, along with a comparison to budget and to the prior year.
  4. The annual investment report shall be presented to the Board of Directors at the time the Greater Columbia Accountable Community of Health audit is presented, outlining in detail the investment portfolio's composition and performance for the fiscal year, along with a comparison to appropriate market indices. The report will show results for the most recently completed fiscal year.
  5. Investment policies shall be reviewed annually by the Director of Finance & Contracts and the Executive Director, working with the Finance Committee, to determine any appropriate modifications.
  6. Recommendations for any revisions or modifications to the investment policy will be made by the Finance Committee to the Board of Directors for their approval.

## **FIXED ASSET MANAGEMENT (Revised and Reviewed 07-06-2018)**

### **Capitalization Policy**

Physical assets acquired with unit costs in excess of \$1,000.00 and a useful life of more than 2 years, are capitalized as fixed assets on the financial statements. Items with unit costs below this threshold shall be expensed in the year purchased. Capitalized fixed assets are accounted for at their historical cost and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

### **Contributed Assets**

Assets with fair market values in excess of \$1,000.00 (per unit) that are contributed to Greater Columbia Accountable Community of Health shall be capitalized as fixed assets on the financial statements. Contributed items with market values below this threshold shall be expensed in the year contributed.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

### **Establishment and Maintenance of a Fixed Asset Listing**

All capitalized fixed assets shall be recorded in a property log. This log shall include the following information with respect to each asset:

1. Date of acquisition
2. Cost
3. Description (including color, model, and serial number)
4. Location of asset
5. Depreciation method
6. Estimated useful life

Greater Columbia Accountable Community of Health will take a physical inventory of all assets capitalized under the preceding policies on an annual basis. This physical inventory shall be reconciled to the property log and adjustments made as necessary. The Director of Finance & Contracts will approve all adjustments resulting from this reconciliation.

### **Receipt of Newly-Purchased Equipment and Furniture**

At the time of arrival, all newly purchased equipment and furniture, shall be “eyeballed” for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the vendor immediately. In addition, descriptions and quantities of assets per the packing slip or bill of lading shall be compared to the assets delivered. Discrepancies should be resolved with the vendor immediately.

### **Depreciation and Useful Lives**

All capitalized assets are maintained in the special fixed assets account group and are not to be included as an operating expense. Fixed assets are depreciated over their estimated useful lives using the straight-line method. In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month (Example: an asset purchased on the 15<sup>th</sup> day of the fifth month shall have 8 full months of depreciation (eight-twelfths of one year) recorded for that year.

Estimated useful lives of capitalized assets shall be determined by the Director of Finance & Contracts in conjunction with the department or employee that shall utilize the asset. The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

Furniture and fixtures	Up to 10 yrs
General office equipment	5 yrs
Computer hardware and peripherals	3-5 yrs
Computer software	2-3 yrs
Leased assets	life of lease
Leasehold Improvements	remaining lease term

Alternatively, at the direction of the Director of Finance & Contracts, capitalized assets may be depreciated over useful lives expressed in terms of units of production or hours of service in place of the preceding useful lives expressed in terms of time. For accounting and interim financial reporting purposes, depreciation expense will be recorded on a yearly basis.

### **Repairs of Fixed Assets**

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property. Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life.

### **Dispositions of Fixed Assets**

In the event a non-expendable asset is sold, scrapped, donated or stolen, adjustments need to be made to the fixed asset listing and property log. If money is received for the asset, then the difference between the money received and the "book value" (purchase price less depreciation) of the asset will be recorded as a loss if the money received is less than the book value and a gain if the money received is more than the book value. Write-Offs of Fixed Assets

The Director of Finance & Contracts approves the disposal of all capitalized fixed assets that may be worn-out or obsolete. Property that is discovered to be missing or stolen will be reported immediately to the Finance Director. If not located, this property will be written off the books with the proper notation specifying the reason.

## **ACCRUED LIABILITIES**

### **Accrued Leave**

Personnel policies of Greater Columbia Accountable Community of Health permit employees to carry forward up to 250 hours of unused leave from year to year. Such unused leave is payable to an employee upon termination of employment. Accordingly, it shall be the policy of Greater Columbia Accountable Community of Health to record a liability for accrued leave to which employees are entitled. The total liability at the end of an employee's anniversary shall equal the total earned but unused hours of leave, up to a maximum of 250 hours, multiplied by each employee's current hourly pay rate.

Leave that does not "vest" with employees (i.e. leave that is not paid to employees if unused at the time of termination of employment), such as sick leave, shall not be accrued as a liability of Greater Columbia Accountable Community of Health.

## **NOTES PAYABLE**

### **Record-Keeping**

It is the policy of Greater Columbia Accountable Community of Health to maintain a schedule of all notes payable, lease obligations, lines of credit, and other financing arrangements. This schedule shall be based on the underlying loan documents and shall include all of the following information:

1. Name and address of lender
2. Date of agreement or renewal/extension
3. Total amount of debt or available credit
4. Amounts and dates borrowed
5. Interest rate

6. Repayment terms
7. Maturity date
8. Address to which payments should be sent
9. Contact person at lender

### **Accounting and Classification**

An amortization schedule shall be maintained for each note payable. Based upon the amortization schedule, the principal portion of payments due with the next year shall be classified as a current liability in the statement of financial position of Greater Columbia Accountable Community of Health. The principal portion of payments due beyond one year shall be classified as current liabilities in the statement of financial position. Demand notes and any other notes without established repayment dates shall always be classified as current liabilities.

Unpaid interest expense shall be accrued as a liability at the end of each accounting period. A detailed record of all principal and interest payments made over the entire term shall be maintained with respect to each note payable. Periodically, the amounts reflected as current notes payable per the general ledger shall be reconciled to these payment schedules and the amortization schedules, if any, provided by the lender. All differences shall be investigated.

### **Non-Interest-Bearing Notes Payable**

As a charitable organization, Greater Columbia Accountable Community of Health may from time to time receive notes payable that do not require the payment of interest, or that require the payment of a below-market rate of interest for the type of obligation involved. In such cases, it shall be the policy of Greater Columbia Accountable Community of Health to record contribution income for any unpaid interest. For loans with fixed maturities or payment dates, the note payable shall be recorded at the present value of the future principal payments, using as a discount rate the difference between a normal interest rate for that type of loan and the rate, if any that is required to be paid by Greater Columbia Accountable Community of Health. The difference between the cash proceeds of the note and the present value shall be recorded as contribution income in the period the loan is made. Thereafter, interest expense shall be recorded in each accounting period using the effective interest method, with the corresponding credit entry increasing the note payable account to reflect the amount(s) that shall be repaid.

## **POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING**

### **FINANCIAL STATEMENTS**

#### **Standard Financial Statements of the Organization**

Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the organization. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

The basic financial statements of Greater Columbia Accountable Community of Health that are maintained on an organization-wide basis shall include:

1. **Statement of Financial Position** - reflects assets, liabilities and net assets of the organization and classifies assets and liabilities as current or non-current/long-term
2. **Statement of Activities** - presents support, revenues, expenses, and other changes in net assets of the organization, by category of net asset (unrestricted, temporarily restricted and permanently restricted)
3. **Budget VS Actuals** – presents the expenses of the organization to date for the year. Actual expenses against the budget expenses and the burn rate.

### **Frequency of Preparation**

The objective of the finance department is to prepare accurate financial statements in accordance with generally accepted accounting principles and distribute them in a timely and cost-effective manner.

A standard set of financial statements described in the preceding section shall be produced monthly and yearly, included in the annual audit report. It is the policy of Greater Columbia Accountable Community of Health to monitor its financial performance by comparing and analyzing actual results with budgeted results. The function shall be accomplished in conjunction with monthly financial reports. On a monthly basis, contract expenditure reports shall be produced by the Director of Finance & Contracts and distributed to the Executive Director, Finance Committee, and Board of Directors.

The Director of Finance & Contracts for the monthly Board report shall prepare a monthly program summary financial report.

### **Annual Financial Statements**

The Independent Auditor to the full Board of Directors shall provide a formal presentation of the Organization's annual financial statements. This presentation will be preceded by a meeting with Greater Columbia's Accountable Community of Health Finance Committee, at which the Finance Committee will vote to accept or reject the annual financial statements. See separate policies regarding the annual audit under "Financial Management Policies."

## **GOVERNMENT RETURNS**

### **Overview**

To legitimately conduct business, Greater Columbia Accountable Community of Health must be aware of its tax and information return filing obligations and comply with all such requirements of federal, state and local jurisdictions. Filing requirements of Greater Columbia Accountable Community of Health include, but are not limited to, filing annual information returns with IRS, annual reports for corporations, property tax returns, income tax returns, sales tax returns, and information returns for retirement plans, annual reporting of compensation paid, and payroll tax withholding tax returns.

### **Filing of Returns**

It is the policy of Greater Columbia Accountable Community of Health to become familiar with the obligations in each jurisdiction and to comply with all known filing requirements. The Director of Finance & Contracts shall be responsible for identifying all filing requirements and assuring that Greater Columbia Accountable Community of Health is in compliance with all such requirements.

It is also the policy of Greater Columbia Accountable Community of Health to file complete and accurate returns with all authorities. Greater Columbia Accountable Community of Health shall make all efforts to avoid filing misleading, inaccurate or incomplete returns.

Filings made by Greater Columbia Accountable Community of Health include, but are not limited to, the following returns:

1. **Form 990** - Annual information return of tax-exempt organizations, filed with IRS. Form 990 for Greater Columbia Accountable Community of Health is due on the fifteenth day of the fifth month following year-end. An automatic 3-month extension of time to file Form 990 may be obtained filing Form 8868. Upon expiration of the first 3-month extension, a second 3-month extension may be requested using Form 8868.
2. **Form 5500** - Annual return for Greater Columbia Accountable Community of Health's employee benefit plans. Form 5500 is due July 31, but a request for extension of time to file may be filed.
3. **W-2's and 1099's** - Annual report of employee and non-employee compensation, based on calendar-year compensation, on the cash basis. These information returns are due to employees and independent contractors by January 31.
4. **Form 940** - Annual federal unemployment tax return filed with IRS, for all employers other than charitable organizations exempt from FUTA unemployment tax under IRC section 501©(3)], due January 31.
5. **Form 941** - Quarterly payroll tax return filed with IRS to report wages paid to employees and federal payroll taxes. Form 941 is due by the end of the month following the end of each quarter, or 10 days later if all payroll tax deposits have been made in a timely manner during the quarter.
6. **Washington State Unemployment** quarterly tax return filed with the state to report wages for employees.
7. **Washington State Labor & Industries** quarterly tax return file with the state to report hours worked and wages for employees.
8. **Washington State Sales Tax Return** annual tax return to return any sales and use tax due to the State of Washington.

Greater Columbia Accountable Community of Health's fiscal year-end is December 31 and tax year-end are January 31. All annual tax and information returns of Greater Columbia Accountable Community of Health (Form 990, Form 990-T) are filed on the cash basis of reporting.

The Organization's Director of Finance & Contracts prepares Federal and all applicable state payroll tax returns. It is the policy of Greater Columbia Accountable Community of Health to comply with all state payroll tax requirements by withholding and remitting payroll taxes to the state of residency of each Greater Columbia Accountable Community of Health employee.

### **Public Access to Information Returns**

Under regulations that became effective in 1999, Greater Columbia Accountable Community of Health is subject to federal requirements to make the following forms "widely available" to all members of the general public:

1. The three most recent annual information returns (Form 990), [excluding the list of significant donors (Schedule B) that is attached to the Form 990, but including the accompanying Schedule A], and
2. Greater Columbia Accountable Community of Health's original application for recognition of its tax-exempt status (Form 1023 or Form 1024), filed with IRS, and all accompanying schedules and attachments.



It is the policy of Greater Columbia Accountable Community of Health to adhere to the following guidelines in order to comply with the preceding public disclosure requirements:

1. Anyone appearing in person at the offices of Greater Columbia Accountable Community of Health during normal working hours making a request to inspect the forms will be granted access to a file copy of the forms. The Director of Finance & Contracts shall be responsible for maintaining this copy of each form and for making it available to all requesters.
2. For all written requests for copies of forms received by Greater Columbia Accountable Community of Health, the Organization shall require pre-payment of all copying and shipping charges. For requests for copies that are received without pre-payment, Greater Columbia Accountable Community of Health will notify the requester of this policy via phone call or by letter within 7 days of receipt of the original request.
3. The copying cost charged by Greater Columbia Accountable Community of Health for providing copies of requested forms shall be \$1.00 for the first page copies and \$0.15 for each subsequent page. All copies shall be shipped to requesters via [Priority Mail, thus, shipping charges will be a standard \$5.00 per shipment].
4. After payment is received by Greater Columbia Accountable Community of Health, all requested copies shall be shipped to requesters within 30 days. Making of all copies and shipping within the 30-day time period shall be the responsibility of the finance department.
5. For requests for copies made in person during normal business hours, copies shall be provided while the requester waits.
6. Greater Columbia Accountable Community of Health shall accept certified checks and money orders for requests for copies made in person. Greater Columbia Accountable Community of Health shall accept certified checks, money orders and or personal checks as payment for copies of forms requested in writing.

## **FINANCIAL MANAGEMENT POLICIES**

### **ANNUAL AUDIT**

#### **Role of the Independent Auditor**

It is the policy of Greater Columbia Accountable Community of Health to arrange for an annual audit of the Organization's financial statements to be conducted by an independent accounting firm. The independent accounting firm selected by Greater Columbia Accountable Community of Health will be required to communicate directly with the Organization's Executive and Director of Finance & Contracts upon the completion of their audit. In addition, members of the Finance Committee and Board of Directors are authorized to initiate communication directly with the independent accounting firm. Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the Board of Directors by the independent accounting firm at the Organization's Board Meeting, after the financial statements have been reviewed and approved by the Finance Committee.

#### **How Often to Review the Selection of the Auditor**

Greater Columbia Accountable Community of Health shall review the selection of its independent auditor in the following circumstances:

1. Anytime there is dissatisfaction with the service of the current firm
2. When a fresh perspective and new ideas are desired
3. Every 5 years to ensure competitive pricing and a high quality of service (this is not a requirement to change auditors every five years; simply to re-evaluate the selection)

## **Selecting an Auditor**

The selection of an accounting firm to conduct the annual audit is a task that should be taken very seriously. Greater Columbia Accountable Community of Health shall consider the following factors in selecting an accounting firm:

1. The firm's reputation in the nonprofit community
2. The depth of the firm's understanding of and experience with not-for-profit organizations [and federal reporting requirements under OMB Circular A-133]
3. The firm's demonstrated ability to provide the services requested in a timely manner
4. The ability of firm personnel to communicate with Organization personnel in a professional and congenial manner

If Greater Columbia Accountable Community of Health decides to prepare and issue a written Request for Proposal (RFP) to be sent to prospective audit firms, the following information shall be included:

1. Period of services required
2. Type of contract to be awarded (fixed fee, cost basis, etc.)
3. Complete description of the services requested (audit, management letter, tax returns, etc.)
4. Identification of meetings requiring their attendance, such as staff or Board of Director meetings
5. Organization chart of Greater Columbia Accountable Community of Health
6. Chart of account information
7. Financial information about the organization
8. Copy of prior year reports (financial statements, management letters, etc.)
9. Identification of need to perform audit in accordance with OMB Circular A-133 or other regulations
10. Other information considered appropriate
11. Description of proposal and format requirements
12. Due date of proposals
13. Overview of selection process (i.e. whether finalists will be interviewed, when a decision shall be made, etc.)
14. Identification of criteria for selection

Minimum Proposal Requirements from prospective CPA firms shall be:

1. Firm background
2. Biographical information (resumes) of key firm member who will serve Greater Columbia Accountable Community of Health
3. Client references
4. Information about the firm's capabilities
5. Firm's approach to performing an audit
6. Copy of the firm's most recent quality/peer review report, including any accompanying letter of findings
7. Other resources available with the firm
8. Expected timing and completion of the audit
9. Expected delivery of reports
10. Cost estimate including estimated number of hours per staff member
11. Rate per hour for each auditor
12. Other information as appropriate

In order to narrow down the proposals to the top selections, the Executive Director and Director of Finance & Contracts shall meet with the prospective engagement teams from each proposing firm to

discuss their proposal. After the Executive and Director of Finance & Contracts narrows down the field of prospective auditors to three firms, final interviews of each firm are conducted by the Executive Director and Director of Finance & Contracts, who makes the final recommendation to the Finance Committee for approval.

### **Preparation for the Annual Audit**

Greater Columbia Accountable Community of Health shall be actively involved in planning for and assisting with the Organization's independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the finance department shall provide assistance to the independent auditors in the following areas:

**Planning** - The Director of Finance & Contracts is responsible for delegating the assignments and responsibilities to Greater Columbia Accountable Community of Health staff in preparation for the audit. Assignments shall be based on the list of requested schedules and information provided by the independent accounting firm.

**Involvement** - Organization staff will do as much work as possible in order to assist the auditors and, therefore, reduce the cost of the audit.

**Interim Procedures** - To facilitate the timely completion of the annual audit, the independent auditors may perform selected audit procedures prior to the Organization's year-end. By performing significant portions of audit work as of an interim date, the work required subsequent to year-end is reduced. Organization staff will do as much as possible in order to provide requested schedules and documents and to otherwise assist the auditors during any interim audit fieldwork that is performed. Throughout the audit process, it shall be the policy of Greater Columbia Accountable Community of Health to make every effort to provide schedules, documents and information requested by the auditors in a timely manner.

### **Concluding the Audit**

Upon receipt of a draft of the audited financial statements of Greater Columbia Accountable Community of Health from its independent auditor, the Executive Director and Director of Finance & Contracts shall perform a detailed review of the draft, consisting of the following procedures:

1. Carefully read the entire report for typographical errors
2. Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of Greater Columbia Accountable Community of Health
3. Review each footnote for accuracy and completeness

Any questions or errors noted as part of this review shall be communicated to the independent auditor in a timely manner and resolved to the satisfaction of the Executive and Director of Finance & Contracts.

It shall also be the responsibility of the Executive Director to review and respond in writing to all management letter or other internal control and compliance report findings and recommendations made by the independent auditor.

### **Finance Committee Responsibilities**

In accordance with the Greater Columbia Accountable Community of Health Finance Committee Charter, there shall be a Finance Committee chaired by the Treasurer of the Board and at least three directors to provide financial oversight for the organization. The term of office shall be for two years, with one member being appointed by the Greater Columbia Accountable Community of Health Board of Directors each year.

The Finance Committee’s responsibilities include, but shall not be limited to, the following:

1. Appointment of, and communication with, the Organization’s independent auditors
2. Review and approval of the annual, audited financial statements
3. Discussion of internal control matters with the independent auditor
4. Responding to any reported instances of fraud involving Greater Columbia Accountable Community of Health or its employees
5. Conducting a monthly analysis of the Organization’s financial statements
6. Making policy and other recommendations to the Greater Columbia Accountable Community of Health board of directors regarding matters arising out of the audit

In fulfilling these duties and responsibilities, the Finance Committee is entitled to examine any and all documents within the control of Greater Columbia Accountable Community of Health and its employees.

## **INSURANCE**

### **Overview**

It is fiscally prudent to have an active risk management program that includes a comprehensive insurance package. This will ensure the viability and continued operations of Greater Columbia Accountable Community of Health. It is the policy of Greater Columbia Accountable Community of Health to maintain adequate insurance against general liability, as well as coverage for buildings, contents, computers, fine arts, equipment, machinery and other items of value.

### **Coverage Guidelines**

As a guideline, Greater Columbia Accountable Community of Health will arrange for the following types and levels of insurance as a minimum:

<b><u>Type of Coverage</u></b>	<b><u>Amount of Coverage</u></b>
Comprehensive Liability	\$1,000,000
Automobiles for Employees, Volunteers or Escorts	\$1,000,000
Employee dishonesty/bonding	\$1,000,000 for all finance department employees and the Executive Director
Fire and Water Damage	Coverage for all items with acquisition cost greater than \$1,000
Directors and Officers	\$1,000,000 (with an appropriate deductible level)

Theft	Coverage for all items with acquisition cost greater than \$1,000
Workers' Compensation	To the extent required by law

**Insurance Definitions:**

**Workers' Compensation and Employer's Liability**

Contractors are required to comply with applicable Federal and State workers' compensation and occupational disease statutes. If occupation diseases are not compensated under those statutes, they shall be covered under the employer's liability insurance policy except when contract operations are so commingled that it would not be practical to require this coverage.

**Fidelity Bond**

For all personnel handling cash, preparing or signing checks, Greater Columbia Accountable Community of Health shall obtain insurance that provides coverage in a blanket fidelity bond. The specific needs of the organization will determine the dollar limit of this coverage.

**Comprehensive Liability**

This type of coverage may include directors, officers and employee general liability insurance, buildings, contents, computers, fine arts, boilers and machinery.

**RECORD RETENTION**

**Policy**

It is the policy of Greater Columbia Accountable Community of Health to retain records as required by law and to destroy them when appropriate. The Director of Finance & Contracts must approve the destruction of records. The formal records retention policy of Greater Columbia Accountable Community of Health is as follows:

Accident reports/claims (settled Cases)	7 Years
Accounts payable ledgers and schedules	7 Years
Accounts receivable ledgers and schedules	7 Years
Audit reports	Permanently
Bank reconciliation/Statements	3 Years
Chart of Accounts	Permanently
Cancelled Checks	7 Years
<u>Contracts, mortgages, notes and leases:</u>	
Expired	7 Years
Still in effect	Permanently
<u>Correspondence:</u>	
General	2 Years
Legal and important matters only	Permanently
Routine with customers and/or vendors	2 Years
Deeds, mortgages and bills of sales	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	3 Years
Employment applications	3 Years

Expense analyses/expense distribution schedule	7 Years
Garnishments	7 Years
General ledgers/year end trial balance	Permanently
Insurance policies (expired)	3 Years
Insurance records (policies, claims, etc.)	Permanently
Internal audit reports	3 Years +
Internal reports	3 Years
Inventories of products, materials and supplies	7 Years
Invoices (to customers, from vendors)	7 Years
Journals	Permanently
Minute books of directors, bylaws and charters	Permanently
Notes receivable ledgers and schedules	7 Years
Payroll records /Withholding tax statements	7 Years
Personnel records (terminated)	7 Years
Petty cash vouchers	3 Years
Property records (incl. depreciation schedules)	Permanently
Purchase orders	7 Years
Retirement and pension records	Permanently
Sales records	7 Years
Subsidiary ledgers	7 Years
Tax returns and worksheets, examination reports and other documents relating to determination of income tax liability	Permanently
Time sheets/cards	7 Years
Trademark registrations and copyrights	Permanently
Personnel and Training Manuals	Permanently

## FUNCTIONAL EXPENSE ALLOCATIONS

### Overview

As one of its financial management objectives, Greater Columbia Accountable Community of Health strives to determine the actual costs of carrying out each of its program service and supporting activities. In this regard, it is the policy of Greater Columbia Accountable Community of Health to charge expenses to the appropriate category of program service or supporting activity. Expenses that serve multiple functions or are not readily identifiable with one function shall be allocated between functions whenever possible.

### Direct Charging of Costs

Certain internal costs shall be directly charged to the appropriate Greater Columbia Accountable Community of Health function based upon underlying documentation. The following costs shall be directly charged based on the documentation or factor listed next to each:

<u>Cost</u>	<u>Basis for Charge</u>
Salaries	Timesheets (hours)
Photocopying	Actual use, based on codes
Postage	Actual, per USPS stated postage
Supplies	Actual, per usage

## **Allocation of Administrative Costs**

Greater Columbia Accountable Community of Health allocates its general costs of administration to the correlating general ledger per annually approved budget by Board of Directors.

On a bi-weekly basis, an allocation of administrative costs shall be recorded within QuickBooks.

Administrative costs shall be allocated based on full time equivalent (FTE) percentage to the approved budget. Costs such as insurance, telephone services, professional services, etc. are allocated to the operational budgets; ACH administration and project management budget. Occupancy costs are figured on actual expenditures for each month per signed Lease agreement.

## **POLICIES PERTAINING TO FEDERAL AWARDS**

### **ADMINISTRATION OF FEDERAL AWARDS**

#### **Definitions**

There are several types of agreements through which Greater Columbia Accountable Community of Health may receive financial assistance from a contracted/grantor agency:

**Grant:** A financial assistance award given to the organization to carry out its programmatic purpose.

**Contract:** A mutually binding legal agreement where the organization agrees to provide supplies or services and the donor agrees to pay for them.

**Cooperative Agreement:** A legal agreement where the organization implements a program with the direct involvement of the donor.

Greater Columbia Accountable Community of Health recognizes that as a recipient of Federal funds, the Organization is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants.

#### **Billing and Financial Reporting**

Greater Columbia Accountable Community of Health strives to provide management, staff and funding sources with timely and accurate financial reports applicable to federal awards. These reports may include monthly and cumulative expenditures, a project budget, and a balance remaining column. Greater Columbia Accountable Community of Health shall prepare and submit financial reports as specified by the financial reporting clause of each grant or contract award document. Preparation of these reports shall be the responsibility of Director of Finance & Contracts.

The following policies shall apply to the preparation and submission of billings to federal agencies under awards made to Greater Columbia Accountable Community of Health:

1. It is the policy of Greater Columbia Accountable Community of Health to request reimbursement after expenditures have been incurred unless an award specifies another method.

2. Each award normally specifies a particular billing cycle. Therefore, a schedule is established for each grant and contract to ensure that reimbursement is made on a timely basis along with any other reporting that is required in addition to the financial reports.
3. Requests for reimbursement of award expenditures will use the actual amounts as posted to the general ledger as the source for all invoice amounts. All financial reports required by each federal award will be prepared and filed on a timely basis. To the extent Greater Columbia Accountable Community of Health's year-end audit results in adjustments to amounts previously reported to federal agencies, revised reports shall be prepared and filed in accordance with the terms of each federal award.

Greater Columbia Accountable Community of Health shall maintain separate billing records in addition to the official general ledger accounting records. At the time invoices (requests for reimbursement) are prepared, revenue and accounts receivable shall be recorded on the books of Greater Columbia Accountable Community of Health.

### **Procurement Under Federal Awards**

Procurement of goods and services whose costs are charged to federal awards received by Greater Columbia Accountable Community of Health are subject to all of the specific Greater Columbia Accountable Community of Health purchasing policies described earlier, under "Purchasing Policies and Procedures." In addition, procurements associated with Federal awards are also subject to the specifications of each grant or award. For purposes of Federal award accounting and administration, "equipment" shall include all assets with a unit cost equal to the lesser of \$5,000 or the capitalization threshold utilized by Greater Columbia Accountable Community of Health, described under Asset Management. All purchases of "equipment" with federal funds shall be approved in advance in writing by the federal awarding agency.

In addition, no employee, officer, or agent of Greater Columbia Accountable Community of Health shall participate in the selection; award or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of her or his immediate family, his or her 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.

### **Provisions Included in all Contracts**

It is the policy of Greater Columbia Accountable Community of Health to include all of the following provisions, as applicable, in all contracts (including small purchases) with vendors and sub-grants to grantees:

1. **Equal Employment Opportunity:** All contracts shall contain a provision requiring compliance with E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
2. **Copeland "Anti-Kickback" Act (18 U.S.C. 874 and 40 U.S.C. 276c):** All contracts and sub grants in excess of \$2,000 for construction or repair awarded by Greater Columbia Accountable Community of Health and its sub recipients shall contain a provision for compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 874), as supplemented by Department of Labor regulations 29 CFR part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States." This Act provides that



each contractor or sub recipient shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. It is the policy of Greater Columbia Accountable Community of Health to report all suspected or reported violations to the Federal-awarding agency.

3. **Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7):** If included in the federal agency's grant program legislation, all construction contracts of more than \$2,000 awarded by Greater Columbia Accountable Community of Health and its sub recipients shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). Under this Act, contractors are required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. It is the policy of Greater Columbia Accountable Community of Health to place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. Greater Columbia Accountable Community of Health shall also obtain reports from contractors on a weekly basis in order to monitor compliance with the Davis-Bacon Act. Greater Columbia Accountable Community of Health shall report all suspected or reported violations to the Federal-awarding agency.
4. **Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333):** Where applicable All contracts awarded by Greater Columbia Accountable Community of Health in excess of \$2,000 for construction contracts and in excess of \$2,500 for other contracts that involve the employment of mechanics or laborers shall include a provision for compliance with Sections 102 and 107 of the Contract Works Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor regulations (29 CFR part 5). Under Section 102 of the Act, each contractor is required to compute wages of every mechanic and laborer on the basis of a standard workweek of 40 hours. Work in excess of the standard workweek is permissible provided that the worker is compensated at a rate of not less than 1-1/2 times the basic rate of pay for all hours worked in excess of 40 hours in the workweek. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions that are unsanitary, hazardous, or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.
5. **Rights to Inventions Made Under a Contract or Agreement:** Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Federal Government and Greater Columbia Accountable Community of Health in any resulting invention in accordance with 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.
6. **Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended:** Contracts and sub grants of amounts in excess of \$100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
7. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** For all contracts or sub-grants of \$100,000 or more, Greater Columbia Accountable Community of Health shall obtain from the contractor or sub-grantee a certification that it will not and has not used Federal appropriated

funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Likewise, since each tier provides such certifications to the tier above it, Greater Columbia Accountable Community of Health shall provide such certifications in all situations in which it acts as a sub-recipient of a sub-grant of \$100,000 or more.

8. **Debarment and Suspension (E.O.s 12549 and 12689):** For all contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) (currently \$100,000), Greater Columbia Accountable Community of Health shall obtain from the contractor a certification that neither the contractor nor any of its principal employees are listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Nonprocurement Programs.
9. **Remedies:** All contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) (currently \$100,000) shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms.
10. **Termination:** All contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) (currently \$100,000) shall contain suitable provisions for termination by Greater Columbia Accountable Community of Health, including the manner by which termination shall be affected and the basis for settlement. In addition, such contracts shall describe the conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated due to circumstances beyond the control of the contractor.

### **Making of Sub Awards**

From time to time, Greater Columbia Accountable Community of Health may find it practical to make sub awards of federal funds to other organizations. All sub-awards in excess of \$2,500.00 shall be subject to the same procurement policies described in the preceding section. In addition, all sub-recipients must be approved in writing by the federal awarding agency and agree to the sub recipient monitoring provisions described in the next section.

With respect to sub recipients with whom Greater Columbia Accountable Community of Health has not recently had a sub award relationship, Greater Columbia Accountable Community of Health shall determine an appropriate level of pre-award inquiry that shall be performed. The purpose of such inquiry, which may involve a site visit to a potential sub recipient, is to gain assurance that a potential sub recipient has adequate policies and procedures in place to provide reasonable assurance that it is capable of complying with all applicable laws, regulations and award provisions. In addition, Greater Columbia Accountable Community of Health shall obtain the following documents from all new sub recipients:

1. Articles of incorporation
2. By-laws or other governing documents
3. Determination letter from the IRS (recognizing the sub recipient as exempt from income taxes under IRC section 501(c)3
4. Last 3 years' Forms 990 or 990-EZ, including all supporting schedules and attachments (also Form 990-T, if applicable)
5. Copies of the last 3 years' audit reports and management letters received from sub recipient's independent auditor (including all reports associated with audits performed in accordance with OMB Circular A-133, if applicable)
6. Copy of the most recent internally-prepared financial statement and current budget

7. Copies of reports of government agencies (Inspector General, state or local government auditors, etc.) resulting from audits, examinations or monitoring procedures performed in the last three years

### **Monitoring of Sub Recipients**

When Greater Columbia Accountable Community of Health utilizes Federal funds to make sub-awards to sub recipients, Greater Columbia Accountable Community of Health is subject to a requirement to monitor each sub recipient to provide reasonable assurance that sub recipients are complying, in all material respects, with laws, regulations, and award provisions applicable to the program.

In fulfillment of its obligation to monitor sub recipients, the following policies apply to all sub-awards of federal funds made by Greater Columbia Accountable Community of Health to sub recipients:

1. Sub award agreements shall include all information necessary to identify the funds as federal funding. This information shall include:
  - a) The applicable Catalog of Federal Domestic Assistance (CFDA) title and number
  - b) Award name
  - c) Name of Federal agency
  - d) Amount of award
2. Sub award agreements shall identify all applicable audit requirements, including the requirement to obtain an audit in accordance with OMB Circular A-133, if the sub recipient meets the criteria for having to undergo such an audit.
3. Sub awards shall include a listing of all applicable Federal requirements that each sub recipient must follow.
4. Sub awards may require that sub recipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.
5. Sub awards shall require that sub recipients submit financial and program reports to Greater Columbia Accountable Community of Health on a basis no less frequently than monthly.
6. Greater Columbia Accountable Community of Health will follow up with all sub recipients to determine whether all required audits have been completed. Greater Columbia Accountable Community of Health will cease all funding of sub recipients failing to meet the requirement to undergo an audit in accordance with OMB Circular A-133. For sub recipients that properly obtain an audit in accordance with OMB Circular A-133, Greater Columbia Accountable Community of Health shall obtain and review the resulting audit reports for possible effects on Greater Columbia Accountable Community of Health's accounting records or audit.
7. Greater Columbia Accountable Community of Health shall assign one of its employees the responsibility of monitoring of each sub recipient on an ongoing basis, during the period of performance by the sub recipient. This employee will establish and document, based on her/his understanding of the requirements that have been delegated to the sub recipient, a system for the ongoing monitoring of the sub recipient.
8. Ongoing monitoring of sub recipients by Greater Columbia Accountable Community of Health will inherently vary from sub recipient to sub recipient, based on the nature of work assigned to each sub recipient. However, ongoing monitoring activities may involve any or all of the following:
  - a) Regular contacts with sub recipients and appropriate inquiries regarding the program.
  - b) Reviewing programmatic and financial reports prepared and submitted by the sub recipient and following up on areas of concern.
  - c) Monitoring sub recipient budgets.

- d) Performing site visits to the sub recipient to review financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the sub award.
  - e) Offering sub recipients technical assistance where needed.
  - f) Maintaining a system to track and follow up on deficiencies noted at the sub recipient to assure that appropriate corrective action is taken.
  - g) Establishing and maintaining a tracking system to assure timely submission of all reports required of the sub recipient.
9. Documentation shall be maintained in support of all efforts associated with Greater Columbia Accountable Community of Health's monitoring of sub recipients.

### **Standards for Financial Management Systems**

In accordance with OMB Circular A-110, it is the policy of Greater Columbia Accountable Community of Health to maintain a financial management system that provides for the following:

1. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements of Circular A-110 and/or the award.
2. Records that identify adequately the source and application of funds for federally sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.
3. Effective control over and accountability for all funds, property and other assets. Greater Columbia Accountable Community of Health shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
4. Comparison of outlays with budget amounts for each award. Whenever possible, financial information shall be related to performance and unit cost data.
5. Written procedures to minimize the time elapsing between the transfer of funds to Greater Columbia Accountable Community of Health from the U.S. Treasury and the issuance and redemption of checks warrants or payments by other means for program purposes by the recipient.
6. Written procedures for determining the reasonableness, allocability and allow ability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.
7. Accounting records including cost accounting records that are supported by source documentation.

### **Budget and Program Revisions**

It is the policy of Greater Columbia Accountable Community of Health to request prior approval from Federal awarding agencies for any of the following program or budget revisions:

1. Change in the scope or objective of the project or program, even if there is no associated budget revision requiring prior written approval.
2. Change in a key person (project director, etc.) specified in the application or award document.
3. The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.
4. The need for additional Federal funding.
5. The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa, if approval is required by the Federal-awarding agency.

6. The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with OMB Circular A-122.
7. The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense.
8. Unless described in the application and funded in the approved awards, the sub award, transfer or contracting out of any work under an award (However, this provision does not apply to purchases of supplies, materials, equipment or general support services).

### **Close Out of Federal Awards**

Greater Columbia Accountable Community of Health shall follow the close out procedures described in OMB Circular A-110 and in the grant agreements as specified by the granting agency. Greater Columbia Accountable Community of Health and all sub recipients shall liquidate all obligations incurred under the grant or contract within 45 days of the end of the grant or contract agreement.

## **CHARGING OF COSTS TO FEDERAL AWARDS**

### **Overview**

It is the policy of Greater Columbia Accountable Community of Health that only costs that are reasonable, allowable and allocable to a Federal award shall be charged to that award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to Federal awards.

### **Segregating Unallowable from Allowable Costs**

The following steps shall be taken to identify and segregate costs that are allowable and unallowable with respect to each federal award:

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.
2. Accounting personnel shall be familiar with the allow ability of costs provisions of OMB Circular A-122, "Cost Principles for Non-Profit Organizations", particularly:
  - a) The list of specifically unallowable costs found in Attachment B (Selected Items of Cost), such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
  - b) Those costs requiring advance approval from Federal agencies in order to be allowable in accordance with Attachment B, such as foreign travel, equipment purchases, etc.
3. No costs shall be charged directly to any Federal award until the cost has been determined to be allowable under the terms of the award and/or OMB Circular A-122.
4. For each Federal award, an appropriate set of general ledger accounts shall be established in the chart of accounts of Greater Columbia Accountable Community of Health to reflect the categories of allowable costs identified in the award or the award budget.
5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to a Federal award or to activity associated with a Federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e. if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit.)

## **Criteria for Allowability**

It is the policy of Greater Columbia Accountable Community of Health that all costs must meet the following criteria in order to be treated as allowable direct or indirect costs under a Federal award:

1. The cost must be “reasonable” for the performance of the award, considering the following factors:
  - a) Whether the cost is of a type that is generally considered as being necessary for the operation of the organization or the performance of the award;
  - b) Restraints imposed by such factors as generally accepted sound business practices, arm’s length bargaining, Federal and state laws and regulations, and the terms and conditions of the award;
  - c) Whether the individuals concerned acted with prudence in the circumstances;
  - d) Consistency with established policies and procedures of the Organization, deviations from which could unjustifiably increase the costs of the award.
2. The cost must be “allocable” to an award by meeting one of the following criteria:
  - a) The cost is incurred specifically for a Federal award;
  - b) The cost benefits both the Federal award and other work, and can be distributed in reasonable proportion to the benefits received; or
  - c) The cost is necessary to the overall operation of the Organization, but, where a direct relationship to any particular program or group of programs cannot be demonstrated.
3. The cost must conform to any limitations or exclusions of OMB Circular A-122 or the Federal award itself.
4. Treatment of costs must be consistent with policies and procedures that apply to both Federally financed activities and other activities of the Organization.
5. Costs must be consistently treated over time.
6. The cost must be determined in accordance with generally accepted accounting principles.
7. Costs may not be included as a cost of any other federally financed program in the current or prior periods.
8. The cost must be adequately documented.

## **Cost Sharing and Matching**

It is the policy of Greater Columbia Accountable Community of Health to value contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution unless award documents or Federal agency regulations identify specific values to be used.

Greater Columbia Accountable Community of Health shall claim contributions as meeting a cost sharing or matching requirement of a Federal award only if all the following criteria are met:

1. They are verifiable from Greater Columbia Accountable Community of Health records
2. They are not included as contributions for any other federally assisted project or program.
3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. They are allowable under OMB Circular A-122.

5. They are not paid by the Federal government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
6. They are provided for in the approved budget when required by the Federal-awarding agency.
7. They conform to all provisions of OMB Circular A-110.
8. In the case of donated space, the space is subject to an independent appraisal to establish its value.

Contributed services used for cost sharing or matching purposes shall be valued at rates consistent with those rates paid for similar work in the Organization (match up experience and skill level), including an estimate of reasonable fringe benefits. In cases in which the required skills are not found in the Organization, rates used shall be consistent with those paid for similar work in the labor market in which Greater Columbia Accountable Community of Health competes.

### **Program Income**

Program income means gross income earned by non-Federal entity that is directly generated by a supported activity or earned because of the Federal award during the period of performance.

Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income.

Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award; program income does not include rebates, credits, discounts and interest earned on any of them.