



Ohio Energy Project (OEP)

Financial Policies and Procedures

Revised 2022

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INTRODUCTION

The accounting records for Ohio Energy Project are maintained on an accrual basis using QuickBooks. The software is password protected.

Purpose:

The purpose of the Fiscal Procedures and Policies Manual is to set forth the steps taken to strengthen internal control and inherently protect OEP's assets. It also establishes general guidelines and responsibility for the financial management of the organization.

Chart of Accounts:

The Finance Manager shall maintain the organization's chart of accounts that details the computer coding used for all transactions. Each entry into the computer system must include an account number/code. Each program or grant is given an account and class relevant to their program expenses. The G/L account code represents the general ledger line item being charged for each transaction.

Maintenance of Records:

The Finance Manager will be responsible for maintaining all information necessary to provide documentation to support financial reporting generated for program reports and board meetings. These records shall include, but may not be limited to: grant agreements, grant modifications, cash receipts including grant funding requests, deposit tickets, bank statements, and cash disbursement information with the necessary supporting documentation.

Audit:

The audit shall be performed annually, as applicable, on all organization records using the fiscal year, July 1 to June 30. Upon request of information, all pertinent files shall be provided to the Audit firm in an orderly and organized manner. During the audit, OEP staff will work cooperatively with the auditors. The Audit firm will also prepare the IRS Form 990.

Board of Directors:

The role and responsibilities of the Board of Directors can be found in the OEP bylaws. This includes reviewing the Form 990 and approving it to be filed.

Ethics/Fraud:

OEP has a Whistle Blower Policy, which protects employees against any retaliation from telling management of any wrongdoing by managers, titled the Whistleblower Policy in the Associate Handbook. It allows employees to contact the Executive Director to assist in resolving the issue. If the Board President is not available, the employee can also contact the Treasurer for further action.

Fixed Assets:

All equipment or property valued at over \$1,000 and has a useful life of one year or more will be recorded in our auditor's system as a fixed asset and documentation will be maintained by the Finance Manager. Information retained shall include item description, purchase date, purchase

price, program or grant purchasing the equipment, serial number, condition of equipment and equipment location. Fixed assets shall be verified annually.

Record Retention/Destruction:

OEP shall retain records for the period of their immediate or current use, unless longer retention is necessary for historical reference or to comply with contractual or legal requirements. Records and documents outlined in this policy include paper and electronic files (including e-mail) regardless of where the document is stored, including company network servers, desktop and laptop computers.

No director, officer, employee or volunteer of OEP shall knowingly destroy a document with the intent to obstruct or influence an investigation or proper administration of any matter subject to the jurisdiction of any federal, state or local agency or department (a “Governmental Agency”). If an official investigation by a Governmental Agency is underway or reasonably suspected, destruction of relevant documents subject to such investigation must be discontinued in order to avoid possible criminal obstruction.

To eliminate accidental or innocent destruction of documents or records of the Corporation, the Board of Directors has adopted the minimum document retention standards below. When possible, electronic copies will be retained.

Minimum Document Retention Standards

Type of Document	Minimum Retention Timeframe
Articles of Incorporation, Code of Regulations, minutes of board and committee meetings	Permanently
Audit reports, Financial Statements (year-end), general/private ledgers, trial balance journals	Permanently
Insurance records, accident reports, claims, policies,	Permanently
Correspondence (legal and material matters)	Permanently
Chart of accounts	Permanently
Checks (for material payments & purchases)	Permanently
Deeds, mortgages, and bills of sale	Permanently
Depreciation schedules	Permanently
Tax returns, employment tax withholding statements, tax schedules (W-2, etc.) and worksheets	Permanently
Scholarship grant records	Permanently
Contracts, mortgages, notes and leases (expired)	7 years after expiration
Donation and contribution records	7 years
Accounts receivable & payable ledgers & schedules	7 years
Grant records and requests for proposal	7 years
Payroll records and timesheets	7 years
Invoices and Purchase orders	7 years
Bank reconciliation	3 years

Bank statements, deposit records, electronic funds transfer documents, & cancelled checks	3 years
Correspondence (grant/contract)	3 years
Employee demographic info & compensation records	3 years

OEP will make every effort to destroy documents especially with sensitive personal information in a secure manner by shredding them.

CASH RECEIPTS

This section establishes OEP’s policies regarding the handling of all revenues received by the organization. At times, we receive small amounts of cash from event attendees, but the remainder is received via mail or electronic transfer. The policies set forth apply to all revenues received.

1. The Finance Manager opens the mail. She/He/They will endorse (with a stamp) all checks received with “For Deposit Only”, including OEP’s name, bank name and account number.
2. The Finance Manager prepares the deposit ticket.
3. The Director of Development takes the deposit to the bank and returns the deposit receipt to the finance manager.
4. The Finance Manager will code the deposit with the proper revenue account or enter the receipt on the Receive Payments screen of QuickBooks. Then enter the deposit by entering appropriate information in the Make Deposit screen of QuickBooks. This action will reduce Accounts Receivable or as a payment increasing appropriate revenue account.
5. Documentation for all receipts (copy of check, letter, report, etc.) will be attached to the deposit ticket copy.

CASH DISBURSEMENTS

This section establishes OEP’s policies regarding the handling of all checks disbursed by the agency. The policies set forth apply to all checks written.

1. Education Coordinators/Directors are responsible for their program budgets. As such, they can order materials and services in accordance with their budget and program goals. Periodically, budget meetings are held with the Education Coordinators/Directors, Executive Director and Finance Manager to review budget vs. actual and variances.

2. All original invoices will be immediately forwarded to the Program Director or Executive Director for review. Invoices will be checked for accuracy and will be coded to the appropriate program and account description. The Executive Director approves all payment of invoices.
3. The Finance Manager will then enter the invoices into QuickBooks.
4. The checks are printed as needed by the Finance Manager. Checks are endorsed by hand or endorsement stamp by the Executive Director. Signers listed with the bank include:
 - a. OEP checking account – Executive Director
 - b. OEP checking account – OEP Board President
5. The checks are a three-part form. They will be distributed as follows:
 - a. Original and remittance – Mailed to the payee.
 - b. Copy (2nd remittance) – stapled to the invoice.
6. Checks are mailed with any remittance or documentation by the Finance Manager.
7. Copies of cancelled checks are available online through the bank website.
8. The Finance Manager will be responsible for all blank checks which will be kept under lock and key possession of the Executive Director and Finance Manager only. All voided checks will have “VOID” boldly written across the face of the check and the signature portion of the original check will be cut out. All voided checks will be kept in a separate file.
9. Check preparation procedures:
 - a. Checks will be prepared from original invoice unless verified that the original invoice was inadvertently lost or destroyed.
 - b. Checks will be used in chronological order.
 - c. Checks will not be prepared in advance.
 - d. Checks will not be made out to “cash,” “bearer,” “petty cash,” etc.
 - e. Checks will not be prepared on verbal authorization.
10. New vendors will be verified and approved by the Program Director or Executive Director. An IRS W-9 form will be obtained and kept on file for new vendors, by the Finance Manager or designee. The Vendor file will be set up in Quickbooks.
11. Occasionally, OEP may be required to stop payment on a check that has been issued. If that is the case, the Executive Director will call the bank and provide the check number, payee, check amount and reason for stop payment. This provides a stop payment for one year. A stop payment must then be renewed annually to be effective.
12. The Finance Manager will ensure that routine invoices that are received monthly are in the system. This would include but not be limited to leases, utilities and various insurance carriers.

BANK ACCOUNT RECONCILIATIONS

This section establishes OEP's policies regarding the reconciliation of the bank account and the disposition of reconciling items noted thereon. The policies set forth herein apply to all bank account reconciliations prepared.

Preparation and Review of the Reconciliations:

All bank accounts are, at a minimum, reconciled by the Finance Manager on a monthly basis, and within thirty days of receipt of the bank statement. The QuickBooks program has a reconciliation feature where the reconciled bank balance reconciles to the general ledger. This feature provides a printed report, which is stapled to the bank statement.

Reconciling Items:

Any outstanding checks over ninety (90) days should be investigated. Depending on the item, the Finance Manager and Program Director will investigate and take the appropriate action necessary to resolve the issue.

FIXED ASSETS

This section establishes OEP's policies regarding the handling of all fixed assets by the organization. The policies set forth apply to all transactions relating to equipment.

Capitalization Policy:

All equipment or property valued at over \$1,000 and has a useful life of one year or more will be recorded in our auditor's system as a fixed asset and documentation will be maintained by the Administrative Assistant. Information retained shall include item description, purchase date, purchase price, program or grant purchasing the equipment, serial number, condition of equipment and equipment location. Fixed assets shall be verified annually.

The accounting for fixed assets will be based upon the source of funding for the asset purchase. If the asset is over \$1,000 and has a useful life of one year or more it will be capitalized and tracked by the auditors. Although equipment is owned by OEP, the funding sources may have a reversionary interest in the assets purchased with grant funds. Therefore, the disposal of such assets, as well as the ownership of any sale proceeds, is subject to fund source regulations. A physical inventory of all fixed assets should be taken annually, at minimum, and compared to the listing.

Equipment:

Equipment purchased or financed, are capitalized and depreciated over the useful life of such equipment. The assets will be valued at cost. The cost of minor repairs and maintenance shall be charged to expense as incurred. Depreciation expense shall be calculated on the straight-line method and shall be recorded at least annually. When fixed assets are disposed of, the cost and accumulated depreciation should be removed from the general ledger. Any gain or loss on the disposition of equipment will be recorded appropriately in the accounting system.

Equipment payments for non-capital leases shall be expensed when paid.

REVENUE

The purpose of this section is to establish OEP's policies regarding the handling of the revenue accounts. The policies set forth apply to all transactions relating to all revenue accounts.

Grant/Contract Revenue:

The following applies to all grants and contracts awarded to OEP:

1. Original grants and contracts will be immediately forwarded to the Finance Manager, who is responsible for permanent storage and maintenance of such documents. OEP invoices toward these grants and contracts, along with required supporting documentation are kept in the Columbus office.
2. The Finance Manager will carefully review each award to ensure compliance with all financial provisions.
3. The Executive Director will carefully review each award to ensure compliance with all programmatic provisions.
4. Financial budgets will be prepared by Executive Director and Director of Development for all grants and contracts.

Billing:

Invoice billings are prepared, for all applicable programs, on a monthly basis by the Finance Manager for the reimbursement of services performed or as the contract dictates. Invoices are then submitted. When monies are received, the cash receipts procedures are followed and an entry is prepared to properly record the type of revenue. A current listing of all reports and due dates should be maintained to ensure that all reports are submitted on a timely basis.

A receivable file will be maintained for all outstanding receivables with documentation items due from outside contractors, vendors, internal programs, etc.

Accounting Basis:

OEP recognizes revenue on the accrual basis. Therefore, revenue is recognized when the services are performed.

In-Kind Revenue:

In-kind revenue will be an estimate of the value of the good or service by the Executive Director. An appropriate entry recording the in-kind revenue should be recorded when the revenue is received by the Finance Manager.

Interest Income:

Interest Income is recognized in the accounting period when it is earned. Interest income may be used to support the programs of OEP, if allowable by funding source.

Speaker Fees and Honorariums:

Employees are not allowed to accept speaker fees or honorariums when asked to speak regarding any agency topics. However, they can ask the organization to make a donation to OEP equivalent to such a fee. Exceptions may be made on a case by case basis by the Executive Director.

Other Revenue:

All other revenues received will be recorded as stated in the cash receipts procedures and posted to the general ledger.

EXPENSES

The purpose of this section is to establish OEP's policies regarding the handling of the expense accounts. The policies set forth apply to all transactions relating to all expense accounts.

Expenses:

OEP allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are charged directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated by various statistical allocation methods.

All expenses will be paid as instructed in the cash disbursement procedures.

Accounting Basis:

OEP recognizes expenses on an accrual basis. Therefore, bills are entered into the system and are recorded toward Accounts Payable. Then cash is reduced when expenses are paid and checks are cut.

Accruals:

Accruals occur during the course of the fiscal year and are balanced at year-end. Accruals include but are not limited to payroll liability and PTO pay liability.

Journal Entries:

Routine journal entries are prepared for payroll, depreciation, monthly allocations, etc. These journal entries will be prepared and entered by the Finance Manager. All entries will be reviewed for reasonableness and appropriateness during month end procedures and reviewed by the CPA on a quarterly basis. Document should be retained for journal entries. This may include but is not limited to payroll reports, journal entry calculations and error documentation.

Use of Net Assets:

In the case the board approves to move forward with investing net assets of OEP, the board will develop and approve an investment policy that will be used by the investment manager. Items that will be included are level of risk, types of allowable investments and any company or investments not allowable because of their effects on children or the environment. Use of the gains and principal amount will also be described.

PAYROLL

The purpose of this section is to establish OEP's policies regarding payroll processing by the agency. The policies set forth apply to all payroll checks. OEP utilizes a payroll vendor Paychex for payroll processing and tax filing.

Payroll:

1. Timesheets are submitted monthly electronically to the Executive Director.
2. Rates of pay for each employee are maintained in their respective personnel files and on the Paychex employee files. Any changes to rates or hours or any other payroll information are sent to the Finance Manager.
3. The Finance Manager reports hours monthly to Paychex.
4. The Finance Manager maintains all employee elected tax information, benefit deductions and direct deposit information. Paychex files the required tax returns and any mandatory filings.

5. Paychex prepares W-2s for OEP employees. All W-2s will be postmarked by January 31. A copy of the W-2s will be maintained electronically.
6. OEP downloads Paychex payroll reports from the web-based system and these are used to complete the journal entry.

Personnel Files:

All personnel files are kept in a locked file cabinet in the Columbus office. The following items should be included in the file:

- a. Application and resume
- b. Position/Job Description
- c. Emergency Information Sheet
- d. Employee Evaluations
- e. Employee authorized deductions including: retirement, student loans, child support, etc.
- f. W-4 Form
- g. Documentation of communications with the employee and any responses from the employee to such documentation

Payroll Direct Deposit Authorization:

All OEP employees Direct Deposit Authorization forms are located in their personnel files.

Executive Compensation for Key Management:

Compensation for the Executive Director is determined by the Board of Directors. Compensation for other key positions in management is determined by the Executive Director. Salary surveys from such resources like the Ohio Association of Nonprofit Organizations are used during this review.

OEP CORPORATE CREDIT USAGE POLICY

Credit Cards:

Credit cards for OEP employees are obtained through the company. There is a credit limit on each card that is issued. OEP Corporate Credit Cards are to be used for OEP allowable purchases only. The allowable purchases are described in the OEP Fiscal Procedures and Policies document under Travel & Expense Reimbursement Policy. Purchases over \$3000 require approval from the Executive Director.

The credit cards are not to be used by employees for personal items or services. If an individual has more than 3 personal charges to a corporate credit card in a quarter and/or there are more than a cumulative of 10 personal charges to all corporate issued credit cards in a quarter, the issues should be brought to the Board at the next Board Meeting. The Board and Staff should

work together to understand issues leading to accidental personal use of corporate credit cards and make necessary changes to mitigate issues in the future.

Original receipts must be obtained for all purchases. Each OEP employee must turn in original receipts/bills to the Finance Manager as expenditures occur or at least monthly when the credit card bill arrives. The Finance Manager monitors these expenditures and their receipts for appropriate business use. Any questions or concerns will be reported to the Executive Director. The Administrative Assistant enters the charges into the appropriate credit card account in QuickBooks. The Finance Manager reconciles the QuickBooks account to the Credit Card Statement monthly.

If a receipt is not produced when filing an expense, it is the responsibility of the person who made the transaction to go back to the vendor and request a receipt. If a receipt can not be reproduced, then the person who made the transaction must provide adequate reasoning why and document, to the best of their knowledge, what was purchased, this will then be signed by the Executive Director.

Multiple incidences of missing receipts by one individual and/or a large dollar amount with a missing receipt should escalate to the Board. If an individual has 3 or more missing receipts or in a quarter and/or the cumulative dollar amount of missing receipts by an individual exceeds \$100 or more in a quarter, then the issue should be discussed with the individual and taken to the Board at the next Board Meeting. The Board should work with the individual and all parties involved to take corrective action on the matter, which may include but is not limited to, recommending procedural changes or adding additional oversight with regards to credit card usage for said individual.

TRAVEL & EXPENSE REIMBURSEMENT POLICY

The purpose of this section is to establish OEP's policies regarding travel and expense reimbursements. The policies set forth apply to all travel and expense reimbursement transactions.

Expense Reimbursement:

Employees will be reimbursed for allowable expenses and mileage related to their job duties.

Allowable Expenses:

Although this is not a complete listing of allowable expenses, below are some of the most common.

Hotel Stays - Personal charges on lodging bills (personal phone calls, movies, etc.) must be personally paid in full prior to the room charges being billed to the agency. Employees are to check the lodging bill carefully to make sure all personal charges have been removed or shown as paid before charging costs to an OEP Corporate Credit Card. Parking fees including valet

parking charges are permitted. If more than one employee is attending, sharing a room is encouraged but not mandated. It is the employee's personal preference.

Food – Meals are the only allowable food expense. The meal allotment can cover the cost of the meal and gratuity.

Mileage - OEP will reimburse employees for mileage from their work site location to the location where they are required to attend meetings, conferences, serving clients and other work related activities.

If an employee leaves from their home and travel to a location for work related activities, they will be reimbursed for only the mileage that is equal to or less than what the mileage would be if they had departed from their normal work site location.

OEP will reimburse employees equal to the IRS allowance rate. OEP will reimburse subcontractors at their agency's rate, not to exceed OEP's rate. Where the rate is stipulated differently by a funder, the difference will be supplemented by unrestricted funds.

Program Supplies/Expenses – Expenses should be consistent with program budget and program goals.

PROCUREMENT POLICY

The following guidelines are established to assist OEP in procuring general materials and services to enable the organization to accomplish its mission.

1. It is the policy and practice of OEP to avoid purchasing unnecessary materials or services.
2. Where appropriate, leasing will be compared to purchasing.
3. Solicitations for goods and services will provide for the following: clear and accurate descriptions of the material products or services to be procured, requirements which the supplier/provider must fulfill, factors used to evaluate bids or proposals, technical requirements when applicable and other criteria as appropriate.
4. Equipment normally purchased as a unit shall not be purchased as individual components to avoid requirements of these policies. For example, a desktop computer shall include the CPU, the keyboard, the mouse, the monitor, the speakers, the cables and all software normally included in the purchase price.
5. Preference will be given to small businesses, minority-owned firms and/or women's business enterprises, whenever possible.
6. When a vendor is specified by a funder, this vendor will be utilized. This occurs when a good or service can only be provided by a particular vendor for a designated purpose.
7. Equipment purchases in excess of \$7,500 require Board approval. Agency budget approval noting specific items will suffice.

Purchases under \$3,000

No invitation to bid or request for proposals is required for purchases under \$3,000. Comparisons of the price and quality of the materials or services to be purchased will be conducted prior to purchase. These comparisons can be accomplished in person, by telephone or electronic means.

Purchases between \$3,000 and \$19,999

For purchases of materials or services with values between \$3,000 and \$19,999, OEP shall obtain a minimum of three oral or written quotations from qualified suppliers/providers. Documentation, including the name of the supplier/provider, the date, a description of services or merchandise and price will be kept on file.

Purchases between \$20,000 and \$49,999

For purchases of materials or services with values between \$20,000 and \$49,999, OEP shall obtain a minimum of three sealed written quotations from qualified suppliers/providers. Written documentation, including the name of the supplier/provider, the date, a description of services or merchandise and price will be kept on file.

Purchases of \$50,000 or greater

All contracts over \$50,000 shall be obtained through invitations to bid or requests for proposals. OEP shall contact qualified suppliers/providers to ascertain their interest in responding to OEP's solicitation. A minimum of three sealed bids will be required, where feasible.

Evaluation and Award:

OEP shall evaluate all bids and proposals and shall award the contract with reasonable promptness to the best bid or proposal. All bids or proposals shall be evaluated with consideration to price, quality, and other factors, which may be appropriate. OEP shall not be obliged to accept the lowest bid.

Only One Bid Received:

When only a single acceptable bid or proposal is received, OEP shall inquire as to the reasons for the lack of competition. Based upon the information developed, the single bid or proposal may be accepted or rejected. If the single bid or proposal submitted is acceptable and advantageous to OEP and other potential competitors had a full opportunity and chose not to respond, the one bid can be accepted.

Niche Products or Services:

Under special circumstances where goods or services are unique to a particular vendor, such as software only available through one vendor, a bidding process can be replaced with detailed documentation and rationale. The documentation would include but not be limited to research conducted on comparable items that could meet the need and a pricing comparison. In addition, the rationale will explain why the product or service was selected and benefits to the program or organization.

THIS CONCLUDES OEP's FINANCIAL POLICIES AND PROCEDURES

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