



# **GENERAL ACCOUNTING PROCEDURES**



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## **I. GENERAL ACCOUNTING**

The overriding principle of ABLED Inc.'s accounting system is that the Generally Accepted Accounting Principles will be followed at all times.

### **A. BOND**

ABLED, Inc. employees shall be covered by a commercial blanket employee dishonesty bond of at least \$100,000, and key employees are covered for at least \$1,000,000.

### **B. FINANCIAL REPORTS**

The Accounting Staff will prepare detailed financial reports. This includes balance sheets, cash flow statements, and income statements. Reports will be periodically prepared for reporting to State and Federal government entities as required.

ABLED, Inc. financial records shall be audited at least annually by an outside firm of Certified Public Accountants. The CPA will report audit findings to the executive staff to investigate. The results of the investigation will be reported to the Board of Directors along with the audit findings at the first Board Meeting after the completion of the audit. The Board will ensure any required corrective action is taken immediately.

The CEO will report annually the expenditure of funds and the evaluation of specialized services rendered during the preceding year to the Director of the Division of Developmental Disabilities as required.

### **C. AUDITS**

The annual financial audit must include a review of the following items:

1. Receipts and disbursements.
2. Cash control procedures.
3. Income statement, balance sheet, source and use of funds statement.
4. Lease agreements or mortgages.
5. Cash balance on hand at the beginning and at the end of the fiscal year.
6. Written communications received from an auditor related to the internal control over financial reporting requirements.
7. Communication with those charged with governance, including those in compliance with or related to Statement of Auditing Standards (SAS) 112 Communicating Internal Control Related Matters Identified in an Audit and SAS 114 The Auditor's Communication with Those Charged with Governance.

ABLED, Inc. may be subjected to special audits. The findings of all audits will be reported to the Board at their next meeting. The Board will ensure any required corrective action is taken immediately.



## **II. CASH RECEIPTS**

All DHHS deposits will be direct deposited into ABLED, Inc.'s financial institution checking account. Any paper checks shall be restrictively endorsed "For Deposit Only" when they are received. ABLED, Inc. will not conduct business with cash other than from petty cash.

## **III. CASH DISBURSEMENTS**

Most Disbursements will be done using automated bill pay or through ACH withdrawals. A small supply of checks will be kept in the main office. No checks shall be made payable to "Cash" except to replenish petty cash.

## **IV. CASH DISBURSEMENTS - PETTY CASH**

Small purchases, usually less than \$25.00, may be made using petty cash. Petty cash shall not exceed \$100.00 without approval of the Chief Executive Officer or other executive team member.

## **V. BANK RECONCILIATIONS**

Bank (financial institution) reconciliations will be performed at least once a week. The Accounting Staff will ensure that ABLED, Inc.'s records match the financial institution's. All discrepancies will be reviewed and resolved. Any discrepancy that is not resolved must be reported to the Chief Executive Officer. If the amount is material, it must be reported at the next meeting of the Board of Directors.

## **VI. PURCHASING**

All purchases over \$10,000 (\$20,000 for vehicles & \$35,000 for wheelchair vehicles) must be approved by the Board.

All purchases over \$5,000 must be approved by the CEO.

All purchases over \$500 must be approved by the appropriate member of the executive team. All employees shall take all available discounts on every purchase.

ABLED, Inc. will utilize debit and credit cards including gasoline credit cards.

Incoming merchandise will be compared with orders to determine if the merchandise received is the same as that ordered, and to verify the prices paid.

## **VII. ACCOUNTS RECEIVABLE AND SALES**

All accounts receivable are tracked electronically.



## **VIII. ACCOUNTS PAYABLE**

All accounts payable are tracked electronically. The Accounting Staff will control the accounts under the direction of the Chief Executive Officer.

## **IX. PAYROLL**

Pay of staff will be agreed to by staff and the CEO prior to starting work.

Staff are responsible for submitting their daily or hourly attendance on Therap. ABLED will pay staff monthly based on their contracts and Therap Attendance records. ABLED, Inc. makes every effort to have all funds direct deposited by the fifth business day of the month. Actual payday can vary due to circumstances beyond ABLED, Inc.'s control.

Deductions will be made for all items as required by law and for benefits approved by the Board. Overtime will be paid in accordance with currently existing Wage laws.

Payroll records are retained according to the ABLED, Inc. Record Retention Requirements (see XIII).

## **X. INVESTMENTS**

All ABLED, Inc. funds will be held at federally insured financial institutions. The cash balances will be monitored by the Accounting Staff under the direction of the Chief Executive Officer. All accounts shall show ABLED, Inc. as the account holder.

## **XI. FIXED ASSETS**

Items costing more than \$5,000 and having a use life of over one year are considered fixed assets. This definition would include leasehold improvements. All Fixed Assets will be tracked by the Accounting Staff under the direction of the Chief Executive Officer.

## **XII. MANAGEMENT OF PERSONAL FUNDS**

ABLED, Inc. may exercise control over participant funds or serve as payee if the participant is not capable of managing his/her funds, and/or if parents or legal guardians are not able to serve as payee.

A fiduciary relationship exists between ABLED, Inc. and the participant when personal funds are managed by ABLED, Inc. Administrative personnel have the responsibility to ensure that a participant's interests are fully protected. Proper accounting procedures will be followed.

See the ABLED, Inc. Funds Management Procedures for more detail.

## **XIII. RECORD RETENTION REQUIREMENTS**

All records are retained securely on the cloud. ABLED, Inc. will scan and shred paper documents. The



records will be maintained under the direction of the CEO. Written requests for confidential records must go to the CEO.

1. Annual Audits by CPA Firm: Indefinite retention.
2. Financial Statements (Balance Sheets and Income Statements): Ten years.
3. General Ledgers: Six years.
4. Service Case Records: Six years.
5. Bank Statements: Six years.
6. Accounting Records and Payroll will be backed up and include six years of data.
7. All Personnel Records will be maintained for ten years following the termination of employment.
8. Insurance Records: Six years.
9. Destruction of Records: At the end of the required retention period, records may be retained or destroyed in accordance with an agency's needs for storage space. If records are to be destroyed, the following requirements apply:
  - a. Non-confidential records: Records that are not confidential may be destroyed in any manner that is convenient to the agency.
  - b. Confidential records (Personnel files, Payroll Records, and any document containing the name of a person served): Confidentiality will be protected during record destruction.

## **XIV. BUDGET ADMINISTRATION**

The Accounting Staff under the direction of the Chief Executive Officer will prepare the ABLED, Inc. Budget. ABLED, Inc.'s Budget is a rolling 12-month budget that is updated monthly. The budget will be reviewed at each meeting of the Board of Directors. Budgets will be used as guidelines and tools for decision-making rather than restricting business activity. Any budget concerns will be addressed by the Board of Directors.

## **XV. GIFTS AND DONATIONS**

Employees and Staff must report gifts in excess of \$75 to the main office administrative staff.

## **XVI. MISCELLANEOUS PROCEDURES**

Residential services costs will be prorated for partial months.

Employees who accompany participants on activities, either for training or recreation, will pay their own costs for such items as meals, admission fees, or other charges associated with the activity unless prior approval for ABLED, Inc. payment has been given by management.

People who damage property belonging to the agency, staff, or other people may be required to pay for the repair/replacement of the damaged property.



## **XVII. TRAVEL AND EXPENSE POLICIES**

Subcontractors are independent contractors and are generally responsible for their own business expenses.

ABLED, Inc. employees may be reimbursed for mileage at the rate allowed by the Internal Revenue Service for any approved travel. Mileage for daily regular day-to-day work will not be reimbursed.

Meal reimbursement requests must have detailed explanations clearly showing charges are allowable.

The Expense Reimbursement Form must be completed in sufficient detail, signed, dated, and approved by management. The completed signed form shall be sent to the ABLED, Inc. office for payment.

## **XVIII. INSURANCE COVERAGE**

ABLED, Inc. will maintain commercially reasonable insurance policies covering Real Property, Personal Property, Crime, and General Liability.

All insurance is purchased under the authority of the Board of Directors by the Chief Executive Officer. All incidents of damage or loss shall be reported to the Chief Executive Officer immediately.