

Accounting Procedures

REVIEWED BY:	Signature	Date
Admin Assistant		2/15/2010
Bookkeeping		2/15/2010
Program Management		2/15/2010
Executive Director		2/15/2010
Corporate Counsel		

BOARD APPROVAL:	Signature	Date
Board Secretary		

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MAIL

Incoming U.S. Mail

Mail is delivered daily by the US Postal Service to the NCDC office.

- All mail received is delivered, unopened, to the Administrative Assistant.
- The mail is opened by the Administrative Assistant or, in his/her absence, a designated staff member of NCDC.
- All mail is date stamped the day it was received by NCDC. Mail is then routed to the appropriate personnel for processing.

Outgoing U.S. Mail

- The Administrative Assistant will prepare and apply shipping labels, as well as postage required, for the outgoing mail.
- Outgoing mail is placed on the reception counter for pickup by the postal carrier.

Interoffice Mail

- Every Monday, Wednesday and Friday of the week, the Administrative Assistant or in his/her absence a designated staff member will check NCDC's Interoffice Mailbox located on the ground floor of the City Hall at 100 Broadway.
- Interoffice Mail is then date-stamped the day it is received and routed to the appropriate NCDC personnel for processing.
- For outgoing interoffice mail, the Administrative Assistant or designee places it in a reusable 10- x 13-inch inter-department delivery office envelope marked with the intended contact person/department, and places it in the appropriate mailbox on the ground floor of City Hall.

CASH / DEPOSIT PROCEDURES

NCDC has one general checking account and multiple savings (CD's, passbook, statement) accounts. The responsibility for the management of the cash accounts, including monitoring balances for FDIC limits and cash flow needs, falls to the Executive Director and the NCDC Board of Directors.

Receipts

All receipts, whether delivered through the mail or in person, are received by the Executive Assistant, or in their absence, a designated staff member.

Checks or money orders:

- Are restrictively endorsed as For Deposit Only immediately upon receipt by the Administrative Assistant by using the ink stamp for the appropriate checking or savings account, as determined by the Executive Director.
- Are photocopied for bookkeeping
- Are locked in a secure cabinet until deposits are taken to the bank



Cash:

- If cash is accepted by NCDC a receipt is filled out and signed by the employee. Part of the receipt goes with the client and the second part is attached to the deposit.
- No cash (i.e., petty cash) is kept onsite deposits must be made same day.
- No personal checks are cashed

Deposits

- The standard for deposits of money orders and checks to the bank is within twenty-four hours of receipt of those funds.
- The Executive Director weighs the reasonableness and practicality versus security in determining the timing for the deposit of small amounts.
- All deposits not made daily are held in a secure location such as a locking cabinet.
- All security and bid deposits received in negotiable form and escrow funds or other funds requiring specialized handling are held in the Executive Director's office until final disposition is made.
- All deposits are made intact.
- The Executive Director makes the determination as to what NCDC bank account the funds are deposited to, based on cash flow and reserves.
- The Administrative Assistant prepares the deposit slip and photocopies the check/money order.
- Deposits are taken to the bank by the Administrative Assistant, Executive Director, or a designated staff member.
- The deposit slip, photocopy of the check(s)/money order(s), and the check stub/ attachments are forwarded to bookkeeping for recording in the accounting system (QuickBooks) and filing. A photocopy of any incoming checks to a specific project is also forwarded to its NCDC Project Manager for his/her filing/invoicing process.
- Bookkeeping will identify the general ledger account and customer (if applicable) to apply the deposit to.
- Any difference between the deposit and the accounting records (i.e., amount deposited and the amount due) will immediately be reported to the Executive Director.

Returned Checks

Occasionally a deposited check may not clear the bank for one or several reasons, such as non-sufficient funds, account closed, stop payment, funds held, stolen checks, endorsement, or forged signature.

- The Executive Director assumes responsibility for collections with cooperation from bookkeeping.
- The returned check copy and all remittance from the bank is date stamped by the Administrative Assistant and forwarded to bookkeeping to be recorded in the accounting system (QuickBooks) and filed.



- The customer is contacted by the Executive Director, or his/her designated staff member, via telephone and a letter is also sent to the customer. A copy of the letter is forwarded to bookkeeping.
- The customer is charged for the original check amount and any bank fees imposed on NCDC for the returned check processing.

CASH ACCOUNT RECONCILIATIONS

Statement Accounts

- Bank statements are received through the mail, and are opened and date-stamped by the Administrative Assistant, in accordance with the incoming mail processing procedure.
- The statements are forwarded to Bookkeeping.
- Bookkeeping reconciles the bank statement in the accounting system (QuickBooks).
- The reconciliation is printed and attached to the bank statement along with the supporting documents (deposit slips, transfers, etc).
- The reconciliation documents are then forwarded to the Executive Director for review, signature and dating.
- Bookkeeping files the signed documents in the appropriate bank account folder.
- Any irregularities or discrepancies identified by Bookkeeping in the reconciliation process are immediately brought to the Executive Director.

Passbook Accounts

- The Executive Director, or his designee, will take passbooks to the bank at least quarterly for the update of interest earned.
- The updated passbooks are returned to Bookkeeping.
- Bookkeeping will record the passbook updates (interest) in the accounting system (QuickBooks).
- The reconciliation is printed and attached to a photocopy of the updated passbook.
- Both documents are then forwarded to the Executive Director for review, signature and dating.
- Bookkeeping files the signed documents in the appropriate bank account folder.
- Any irregularities or discrepancies identified by Bookkeeping in the reconciliation process are immediately brought to the Executive Director.

CASH FLOW FORECASTING

While the operational responsibility for cash flow forecasting rests with the Executive Director, the preparation of cash flow forecasts is delegated to Bookkeeping.

- Cash flow forecasting is done for a month and updated on a biweekly basis.
- Forecasts display estimates of cash in (revenues) and cash out (expenses) for the future 4-week period.
- Estimates for the forecast are obtained primarily from the agency's operating budget, actual receivables and payables, as well activity from prior periods.

BANK TRANSFERS

Responsibility for bank transfers and monitoring cash flow needs lies with the Executive Director and the NCDC Board.

- The Executive Director assumes responsibility for processing bank transfers with cooperation from bookkeeping.
- Upon direction from the Executive Director or the designated officer of the Board, the Administrative Assistant will prepare the bank documents to transfer funds from one NCDC account to another.
- The Administrative Assistant will contact the officers for signature authorization of the withdrawal prepared by the Administrative Assistant, along with the deposit slip.
- A photocopy of the completed transfer documents will be forwarded to Bookkeeping.
- The original transfer slips will be given to the Executive Director, Board Officer, or the approved designee for review.
- The bank receipts and transfer slips will be given to Bookkeeping for recording in the accounting system (QuickBooks) and filing.

ACCOUNTS PAYABLE

NCDC uses the accrual method of accounting: expenses are recorded when incurred. Therefore, the accounting system records expenses in the benefitting month(s) and the liabilities for these goods and services in the month in which the liability was incurred.

Purchasing

Purchasing contracts are used, based on purchasing thresholds established from time to time by the NCDC Board of Directors. The Executive Director is responsible for approving purchases and expenses in accordance with the NCDC adopted budget as well as applicable federal (i.e., OMB Circular A-122) and state grant guidelines. The Executive Director may approve expenses in accordance with the NCDC Expenditure Approval Levels in Appendix A.

- All purchases, with the exception of employee out-of-pocket expenses and credit card purchases, are assigned a purchase order number.
- Out-of-pocket expenses and credit card receipts are approved by the Executive Director and forwarded to Bookkeeping.
- If Bookkeeping receives receipts without the approval of the Executive Director, a Check Request form (see Appendix B) will be attached to the receipt and forwarded to the Executive Director for approval.

Purchase Orders

- A purchase order log is maintained electronically in Excel by the Administrative Assistant.
- The log is a record, by purchase order number, of the date, amount, vendor, description and date received of each Purchase Order (PO) form (see Appendix C) issued.
- Each PO form is approved by the Executive Director before items are purchased.



- Upon receipt of the item(s)/services purchased, the Administrative Assistant updates the PO log, verifies the packing list (if applicable), and forwards the packing list, invoice and a Check Request form (see Appendix B) to the Executive Director for approval.
- The log is presented to the Executive Director for review once per month to ensure it is up to date.

Receipt of Invoices

- All invoices are date stamped by the Administrative Assistant upon receipt.
- The Administrative Assistant completes a Check Request form (see Appendix B) with Vendor Name, Description, Dates of Service, Amount, and Project/Grant/Class (if known).
- The Executive Director reviews the invoice, purchase order, applicable packing list, and Check Request form.
- The Check Request form is reviewed, completed, and signed by the Executive Director.
- The invoice (with attachments) and signed Check Request form are forwarded to Bookkeeping.

Processing of Invoices and Check Requests

The recording of invoices and check requests in the accounting system has been delegated by the Executive Director to Bookkeeping.

- The first step in the process is to verify that the invoice, as requested, is not a duplicate, by verifying the invoice to the vendor's accounts payable file.
- If it is a duplicate, the vendor and/or the requester will be notified and the invoice/request will be disregarded and filed in the vendor's accounts payable file.
- If the invoice/request is not a duplicate, the approved invoice/request will be recorded in the accounting system (QuickBooks), using the appropriate general ledger account numbers.
- All substantiating documentation (purchase orders, receiving reports, packing slips) will be matched to and attached to the check.

Payment of Invoices and Check Requests

The payment of invoices and check requests is done by NCDC check. The processing of checks has been delegated by the Executive Director to Bookkeeping. Checks are processed based on due dates, availability of funds, and contractual requirements, as applicable.

- NCDC has no manual checks or checkbook. The check supply for the accounting system (QuickBooks) is stored in a secured cabinet.
- Checks are printed by Bookkeeping through the accounting system (QuickBooks).
- In case of the absence of Bookkeeping personnel and a check needs to be processed, the Executive Director will hand write a check, using the next check in sequence. A photocopy of the written check will be provided for Bookkeeping to record in the accounting system. A Check Request form (see Appendix B) will be completed and signed by the Executive Director and attached to the invoice for any manual checks he/she writes.

- The check is printed, verified against the invoice/request, and attached to the invoice/request and any additional substantiating documents.
- Bookkeeping completes the Check Request form (Date paid, Check Number), stamps the invoice “PAID” and writes the check number & date on the invoice.
- The check, paid invoice, and attachments, are forwarded to the Executive Director for review.
- The Administrative Assistant contacts the individuals on the NCDC Board who are authorized to sign the checks.
- The authorized individuals review the invoices marked paid and supporting documents and sign the checks.
- The Administrative Assistant puts the signed checks and any remittance copies in an envelope and mails.
- The Administrative Assistant attaches the check stub to the paid invoice, Check Request form, and supporting documents and forwards to Bookkeeping.
- Bookkeeping files the paid invoice, supporting documentation and check stub.

Credit Cards

NCDC has one credit card with Bank of America and three authorized users: the Executive Director, Project Manager, and Board President.

- Credit card charge slips should include date, amount charged, vendor, and purpose (office supplies, Econ Dev Meeting, etc).
- For each meal charged on a credit card, the charge slip should include the names of the persons involved and purpose of the meal. This can be written on the back of the slip.
- Credit card charge slips are given to Bookkeeping, and then entered into the account system (QuickBooks). Bookkeeping retains the charge slips until the credit card bill/statement is received.
- The charge slips are compared to the credit card bill. The corresponding slips are attached to the bill along with a Bank of America Credit Card form.
- The credit card invoice is reconciled in the accounting system (QuickBooks) by Bookkeeping.
- The reconciliation report and a report showing each charge detail for the invoice are printed from the accounting system and attached to the B.O.A. Credit Card form.
- The credit card bill is paid monthly by an automatic electronic draft from checking.
- The invoice, supporting documentation and B.O.A. Credit Card form are forwarded to the Executive Director and Board President for approval, prior to the payment date; if approved, the bill will be paid by EFT automatically on the due date. If not approved, the Executive Director or Board president will contact the credit card company to resolve/dispute the amount due and change payment amount, if necessary.

PAYROLL

It is the policy of the NCDC to pay employees on a bi-weekly payroll cycle and to establish procedures to assure that hours worked are recorded and reported properly. NCDC uses a payroll service (Paychex) to process payroll and related payroll tax and reporting filings to the state and federal governments.

Pay Periods

- The bi-weekly payroll period is for a 14-day period commencing on a Sunday and concluding on a Saturday two weeks hence.
- The payroll pay date is one week after the concluding Friday of the payroll period.
- In the event that a pay date occurs on a legal holiday, payment is made on the last workday prior to the holiday(s).

Timesheets

- Employees complete timesheets, including his/her signature, for each payroll period.
- Employees are responsible for the accuracy of his/her timesheet.

Submitting Timesheets

- Employees are responsible for submitting the signed timesheet to the Executive Director by Monday morning of the pay week.
- The Executive Director reviews each time sheet, and signs his/her approval on each employee timesheet. The approved timesheet is then forwarded to the Administrative Assistant.
- If an employee is not available to sign his/her time sheet, the Executive Director will process the timesheet as required. The employee is informed that he/she must sign his/her timesheet. Exceptions will be made at the discretion of the Executive Director for special circumstances, such as employee on approved leave (sick, vacation, etc).

Submitting Payroll to Paychex

- The Administrative Assistant phones, emails or inputs online the employee hours to Paychex and any changes (such as adding new employee, pay rate changes, deductions, project, etc.) for the pay period.

Receipt and Distribution of Checks

- The envelope from Paychex that contains the payroll is received by the Administrative Assistant.
- The Administrative Assistant:
 - opens the payroll envelope, and date stamps the payroll report,
 - verifies that there are paychecks/direct deposit paystubs for each employee,
 - gets required BOD signatures for live checks,
 - stores the paychecks in a secured cabinet until payday,
 - forwards the payroll reports to Bookkeeping, and
 - distributes paychecks or paystubs (if direct deposit) to employees on payday.



Payroll Verification and Reconciliation

The payroll service (Paychex) is responsible for submitting payroll taxes, filing state and federal payroll tax reports, and reporting of new hires to the state labor department for NCDC. However, NCDC has procedures to reconcile and verify these submissions. The Executive Director has delegated these tasks to Bookkeeping.

- The payroll recorded in the accounting system (QuickBooks) is reconciled with the payroll reports from Paychex on a quarterly basis.
- Upon receipt of the quarterly payroll tax filings from Paychex, the amounts reported for gross wages, federal and state tax deposits and employee tax withholdings are reconciled with the accounting system (QuickBooks).
- Any adjustments needed to the accounting system are done by Bookkeeping through an adjusting journal entry, which is reviewed and approved by the Executive Director.
- If there is an error or omission found in the Paychex records, the documentation is forwarded to the Executive Director, who contacts Paychex.
- Verification of tax deposits made by Paychex on behalf of NCDC is done via the internet through the IRS EFTPS and CT Dept. of Revenue web sites.
- Bookkeeping accesses NCDC accounts with EFTPS and CT Fast Pay to download a report of the quarterly tax deposits received by the IRS and CT Dept. of Revenue from Paychex.
- These deposit reports are reconciled with the quarterly tax filings prepared by Paychex as well as the accounting system (QuickBooks) to verify that taxes have been deposited.

Tax Authority Notices

When a notice is received by NCDC from a tax authority that is related to employment taxes such as remittance schedule or employer classification, the notice will be date stamped by the Administrative Assistant. The notice is then forwarded to the Executive Director. Once he/she has reviewed the notice and determined it is payroll-related, he/she returns the notice to the Administrative Assistant. The Administrative Assistant will fax the notice to the payroll service (Paychex) and note the date and “Faxed to Paychex” on the notice. The notice will then be forwarded to Bookkeeping to be filed in the current Payroll binder.

ADJUSTING JOURNAL ENTRIES (AJE)

The books and accounts of the agency are maintained on the accrual method of accounting. Therefore, transactions must be recognized and recorded in the appropriate benefitting period. Likewise, liabilities must be recognized when incurred. During the month and year end closing process a review of the activities of the period may determine that there are events that must be recognized through an accrual entry. The Executive Director has delegated these tasks to Bookkeeping.

- Some of the areas of evaluation shall include:
 - Accrued payroll – payroll paid in one fiscal year that was earned in the previous fiscal year (i.e., July 3rd pay date was for hours worked in June).
 - Payroll – payroll done by an outside service must be recorded in the agency’s accounting system (QuickBooks) via AJE. This may also include separating costs by project or grant.



- Depreciation – to record current year’s depreciation on fixed assets.
- Prepaid Expenses – to adjust items expensed in the current year that were prepaid for the next fiscal year (i.e., insurance premiums paid in June for July).
- Bond Interest Payable – to record the amount of interest accrued on outstanding bonds for the current year.
- The AJE’s are prepared by Bookkeeping and forwarded, along with supporting documentation, to the Executive Director for review and approval.

ACCOUNTS RECEIVABLE

The responsibility for project invoicing belongs to the Executive Director, the Project Manager and the Administrative Assistant. Creating the customer invoices and recording the accounts receivable has been delegated by the Executive Director to Bookkeeping.

- NCDC has multiple funding sources, including the City of Norwich and Norwich Public Utilities. It also acts as an agent for the State of CT DECD and the City of Norwich on various projects (ITC, Mercantile Exchange, Norwich Hospital Site, Business Park).
- As a result, invoices are prepared for costs incurred on projects as well as for appropriations earmarked for NCDC. Currently:
 - ITC
 - Project Manager prepares required documents to submit to Administrative Assistant for submittal with NCDC paperwork to bookkeeper.
 - Bookkeeping prepares an invoice to be sent the first week of each month to the City of Norwich for costs incurred by NCDC for the ITC project.
 - The Administrative Assistant provides Bookkeeping with the billable hours and any reimbursable expenses for the month to be billed.
 - The original (for mailing) and a copy of the invoice is provided by bookkeeper to the Administrative Assistant for the Executive director to sign.
 - Mercantile Exchange
 - Bookkeeping prepares an invoice quarterly to the MPTN for administrative fees for the Mercantile Exchange.
 - The Project Manager provides Bookkeeping with the billable fee.
 - City of Norwich
 - Bookkeeping prepares an invoice semi-annually (or at an interval established by the Executive Director) to the City of Norwich for the proportionate share of the annual appropriation available to fund NCDC.

- The Executive Director provides Bookkeeping with the amount to be billed (see Funding Partner Invoicing Policy, Appendix D).
 - Norwich Public Utilities (NPU)
 - Bookkeeping prepares an invoice semi-annually (or at an interval established by the Executive Director) to NPU for the proportionate share of the annual appropriation available to fund NCDC.
 - The Executive Director provides Bookkeeping with the amount to be billed (see Funding Partner Invoicing Policy, Appendix D).
- All invoices are prepared in the accounting system (QuickBooks) by customer. A copy is kept on file, and the original is forwarded to the Executive Director for review and approval.
- Monthly, bookkeeping generates customer statements for those customers with balances due. The statements are created in the accounting software (QuickBooks).
- The statements are forwarded to the Executive Director for review and approval.
- The Administrative Assistant mails the invoices and statements.
- Copies are filed in the customer file by bookkeeping.
- An accounts receivable aging report is also provided to the Executive Director monthly by Bookkeeping.

FINANCIAL REPORTS

The responsibility for providing regular financial reports to the NCDC Board of Directors rests with the Executive Director. The Executive Director generates monthly financial reports with the assistance of Bookkeeping.

- Financial reports for the NCDC Board of Directors are prepared monthly.
- The reports are produced directly from the accounting system on the accrual basis (QuickBooks) and include the following (as well as any additional reports requested by the Board from time to time):
 - Budget Summary for the Year
 - Budget to Actual
 - Balance Sheet
 - Profit & Loss
 - Accounts Receivable
 - Disbursements
- The reports are saved monthly in electronic (.pdf) format in the public folder for board reports.
- Bookkeeping provides a cash flow forecast to the Executive Director on a biweekly basis (see Cash Flow Forecasting, page 6).

- In addition, Bookkeeping produces monthly management reports for the Executive Director, including Cash Basis P&L, P&L by Projects and Customer Account Balance reports.

DATA BACK UP

- The accounting data files consist of the accounting system (QuickBooks) data file for the NCDC general fund as well as special funds (Capehart, Otis, etc.). In addition, there is a Bookkeeping folder in the public folder on the server.
- While these data files are stored on the NCDC server, Bookkeeping will back up these files biweekly to a jump drive that is stored off-site.
- NCDC server files are backed up via a REV drive and five (5) square cartridge tapes marked “Week 1” through “Week 5.” Every seven (7) days the tape cartridge in the REV drive is removed, and the tape cartridge labeled with the following week number is inserted.

APPENDIX A



Expenditure Approval Level

Executive Director: 0 to \$3000

NCDC Board of Directors: 0 to \$3000 and above

APPENDIX B



77 MAIN STREET
NORWICH CT 06360

CHECK REQUEST

NAME	
DESCRIPTION	
DATES OF SERVICE	

ACCOUNT #	
CLASS	

DATE PAID	
CHECK NUMBER	#
AMOUNT	\$
APPROVED BY	



APPENDIX D

Funding Partner Invoicing Policy-Procedure

5 Year Plan
FY 2008-2009
FY 2009-2010
FY 2010-2011
FY 2011-2012
FY 2012-2013

Utility Invoicing:

Mr. John Bilda, General Manager
Norwich Public Utilities
16 South Golden Street
Norwich, CT 06360

2008-2009 Plan (Year 1)

1st Invoice – October: \$75,000.00
2nd Invoice – March: \$75,000.00

2009-2010 + 2010-2011 + 2011-2012 + 2012-2013 Plan (Years 2-5)

1st Invoice – July: \$75,000.00
2nd Invoice – January: \$75,000.00

Note: NPU Payments will be processed through and received from CMEEC. This invoice is addressed to NPU and mailed to the attention of John Bilda, who then forwards it with his approval cover letter to CMEEC for payment.

* * * * *

City Invoicing:

Mr. Joseph Ruffo, Controller
City of Norwich
100 Broadway
Norwich, CT 06360

2008-2009 Plan (Year 1)

1st Invoice – October: \$75,000.00 (Received \$25,000.00)
2nd Invoice – January: \$37,500.00
3rd Invoice – April: \$37,500.00

2009-2010 + 2010-2011 + 2011-2012 + 2012-2013 Plan (Years 2-5)

1st Invoice – July: \$75,000.00
2nd Invoice – January: \$75,000.00

Important: Both invoices above should state that this is a portion of the annual obligation of \$150,000.00 from the City of Norwich (or Norwich Public Utilities) for the support of economic development efforts in the community.

Applied to NCDC General Operating Funds
Monthly Statements for Outstanding Balance

Est. 7/1/2009 (Rev. 1/14/2010)

