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Applicable Standard	CARF 1.F.2.a., b1, b3;1. F.4.e;1. F.6a;1. F.7.b.; 10; 11	

1. Rationale or background to policy:

O'Connell Children's Shelter, Inc. (OCS) and the firm to which the agency outsources significant accounting functions both follow generally accepted accounting principles. OCS has systems in place that provide appropriate information to the staff and board to make sound financial decisions and to fulfill government requirements such as payroll, tax returns, etc.

2. Policy Statement:

OCS has systems in place which provide appropriate information to the staff and board to make sound financial decisions and to fulfill government requirements such as payroll, tax returns, etc.

3. Procedures:

Prior to the start of each fiscal year, OCS develops an annual comprehensive operating budget, which includes costs for all services, including direct and indirect costs and all projected cash inflow, including projected fundraising, program revenue, as well as operating expenditures and capital projects. This budget is reviewed and approved initially by the finance committee and subsequently by the Board of Directors.

Utilizing QuickBooks and online banking information, the administrative officer maintains real time check registers for the agency's accounts. OCS regularly reviews a dated summary of both accounts receivable and accounts payable in order to monitor cash flow issues and staff compliance.

OCS utilizes monthly and Year-To-Date (YTD) accrual reports on a budgeted versus actual basis to maintain an accurate, working understanding of the organization's financial status. An external accounting firm prepares the accrual reports.

Each month, the executive Director distributes the accrual reports to the Board of Directors for comparison of actuals to the budgeted revenues and expenditures. The board of directors utilize the accrual report to assist in making sound business decisions during the year.

The administrative officer and out sourced accountant perform reconciliations on a monthly basis for the daily operations accounts.

Payroll is prepared following appropriate federal and state regulations. The administrative officer and/or outsourced accountant prepares the payroll, payroll tax returns, direct deposit transactions and garnishment payments.

Contract employees meet all federal and state requirements for this form of employment including the appropriate provision of 1099s and other year-end IRS required reporting .

OCS maintains a system of checks and balances to control monies.

- Prior to signing, the Executive Director verifies check numbers are sequential.
- Staff request for reimbursement of business expenses are supported by the receipt and approved by the program supervisor.
- The administrative officer continuously scans for reimbursement requests which lie outside the expected business and program operations.
- The administrative officer and outsourced accountant report variances to the executive director

OCS by-laws authorize the board chair, executive committee members and the executive director as check signers. The executive director approves all expenditures before payment.

The Board of Directors assesses capital needs annual, including accessibility and risk reduction items, as a component of the budgeting process and priorities are established. OCS capitalizes items at the time the monthly accrual report is prepared.

OCS keeps three months of operating funds in reserve. OCS timely files tax forms and other required files regarding tax-exempt status.

OCS purchases suitable insurance coverage appropriate levels for casualty losses, liability coverage, theft protection, workers' compensation, professional liability insurance, as well as directors and officers' coverage. The executive director annually review policies for adequacy and cost, utilizing external experts.

OCS contracts with an independent auditor for the annual audit, which includes a management letter containing recommendations for improvements in the financial operations of the agency. The auditor meets with the Finance Committee at their request to discuss the findings. The audit report and management letter are distributed to the Board of Directors. OCS acts upon the recommendations and the action taken is documented. The audit is available to any interested party.