

KU Innovation Park

ACCOUNTING POLICIES AND PROCEDURES

Draft Manual

Table of Contents

I. Introduction	3
II. Division of Responsibilities	4
Board of Directors	4
Executive Chairman	4
Chief Financial Officer	4
Operations Manager	5
III. Chart of Accounts and General Ledger	6
IV. Cash Receipts.....	7
V. Inter-Account Bank Transfers	8
VI. Cash Disbursements & Expense Allocations.....	9
VII. Credit Card Policy and Charges.....	10
VIII. Accruals	11
IX. Bank Account Reconciliations	12
X. Petty Cash Fund.....	13
XI. Property and Equipment	14
XII. End of Month and Fiscal Year-End Close.....	15
XIII. Financial Reports.....	16

I. Introduction

The purpose of this manual is to describe all accounting policies and procedures currently in use at KU Innovation Park and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

All KU Innovation Park's staff with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

These policies will be reviewed annually and revised as needed by the staff and approved by the Executive Chairman and Finance Committee of the Board of Directors.

II. Division of Responsibilities

The following is a list of personnel who have fiscal and accounting responsibilities:

Board of Directors

1. Reviews and approves the annual budget
2. Reviews annual and periodic financial statements and information
3. Reviews Executive Director's performance annually and establishes the salary

Executive Chairman

1. Reviews all financial reports including cash flow projections
2. Sees that an appropriate budget is developed annually
3. Reviews and approves all grant submissions

Chief Financial Officer

1. Approves all program expenditures (may be done by a Program Manager at larger organizations)
2. Monitors program budgets
3. Reviews all payrolls and is responsible for all personnel files
4. Reviews and manages cash flow
5. Reviews and approves all reimbursements and fund requests
6. Processes all inter-account bank transfers
7. Assists Executive Chairman with the development of annual and program budgets
8. Reviews all incoming and outgoing invoices
9. Manages the petty cash fund
10. Monitors and manages all expenses to ensure most effective use of assets
11. Monitors grant reporting and appropriate release of temporarily restricted funds
12. Oversees expense allocations
13. Monitors and makes recommendations for asset retirement and replacement
14. Reviews, revises, and maintains internal accounting controls and procedures
15. Reviews all financial reports
16. Reviews and approves all contracts
17. Oversees the adherence to all internal controls
18. Reviews and advises staff on internal controls and accounting policies and procedures
19. Determines whether the organization should have an audit and, if so, chooses and contracts with the auditor
20. Reviews and signs all issued checks and/or approves check signing procedures
21. Approves inter-account bank transfers

22. Is on-site signatory for all bank accounts
23. Opens all bank statements, reviews for any irregularities, and reviews completed monthly bank reconciliations
24. Prepares monthly and year-end financial reports
25. Reconciles all bank accounts

Operations Manager

1. Overall responsibility for data entry into accounting system and integrity of accounting system data
2. Processes invoices and prepares checks for signature
3. Makes bank deposits
4. Processes payroll
5. Maintains general ledger
6. Mails vendor checks
7. Manages Accounts Receivable
8. Receives and opens all incoming accounting department mail except bank statements

III. Chart of Accounts and General Ledger

KU Innovation Park has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (program vs. fundraising vs. administration). The Operations Manager is responsible for maintaining the Chart of Accounts and revising as necessary. The Chart of Accounts is attached to this manual as an addendum.

The general ledger is automated and maintained using our accounting software. All input and balancing is the responsibility of the bookkeeper with final approval by the Operations Manager.

The Operations Manager should review the general ledger on a periodic basis for any unusual transactions.

IV. Cash Receipts

Cash receipts generally arise from:

1. Contracts and Grants
2. Tenant Rent
3. Business Services Income

The principal steps in the cash receipts process are:

The Operations Manager opens and distributes the mail. The Operations Manager process checks, enters checks in the system, and prepares them for deposit. The Bookkeeper processes the deposit and takes it to the bank for deposit. A copy of the deposit slip is attached to the deposit.

V. Inter-Account Bank Transfers

The CFO monitors the balances in the bank accounts to determine when there is a shortage or excess in the checking account.

VI. Cash Disbursements & Expense Allocations

Cash disbursements are generally made for:

1. Payments to vendors for goods and services
2. Taxes/license fees
3. Memberships and subscriptions
4. Employee reimbursements
5. Marketing/promotional materials

Checks are processed weekly.

Requests for cash disbursements are submitted to Accounting in three ways:

1. Original invoice
2. Purchase request (submitted on approved form)
3. Employee expense report or reimbursement request

Every employee reimbursement or purchase request must be documented on the approved form with travel authorization, receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

The Operations Manager reviews all requests for payment and:

1. Verifies expenditure and amount
2. Approves for payment if in accordance with budget
3. Immediately enters them into the Accounts Payable module
4. Prints checks according to allocation
5. Submits checks, with attached backup documentation, to CFO for approval and signature.
6. Mails checks and appropriate backup documentation
7. Files all backup documentation in the appropriate file

VII. Credit Card Policy and Charges

All staff members who are authorized to carry an organization credit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the credit card includes: personal expenditures of any kind; expenditures which have not been properly authorized; meals, entertainment, gifts, or other expenditures which are prohibited by budgets, laws, and regulations, and the entities from which KU Innovation Park receives funds.

The receipts for all credit card charges will be given to the Operations Manager within two (2) weeks of the purchase along with proper documentation. The Operations Manager will verify all credit card charges with the monthly statements. A copy of all charges will be attached to the monthly credit card statement when submitted to the CFO for approval and signing.

VIII. Accruals

To ensure a timely close of the General Ledger, KU Innovation Park may book accrual entries. Some accruals will be made as recurring entries.

IX. Bank Account Reconciliations

1. All bank statements are given unopened to the CFO. The CFO reviews the statements for unusual balances and/or transactions.
2. The CFO timely reconciliation as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
3. The Operations Manager will investigate any checks that are outstanding over six months.

X. Petty Cash Fund

Petty cash funds are maintained by the organization. The funds are to be used for miscellaneous or unexpected purchases and the same approval procedures apply as mentioned in the cash disbursement section.

1. The petty cash fund will not exceed \$250 and is kept in a locked file cabinet at all times.
2. The CFO oversees the petty cash fund.
3. All money returned to the petty cash fund is counted and verified by the CFO and another staff member. Receipts for items purchased with petty cash must be included with the return and should include appropriate account allocations as well as supervisor approval.
4. No checks will be cashed by the petty cash fund.

XI. Property and Equipment

Property and equipment includes items such as:

1. Office furniture and equipment
2. Computer hardware
3. Computer software
4. Leasehold improvements

It is the organization's policy to capitalize all items which have a unit cost greater than \$3000. Items purchased with a value or cost less than \$3000 will be expensed in the period purchased.

The depreciation period for capitalized assets is as follows:

Computer Hardware	36 months
Office Equipment	60 months
Office Furniture	60 months
Computer Software	36 months
Leasehold improvements	Length of lease

XII. End of Month and Fiscal Year-End Close

1. The CFO will review and sign off on all month- and year-end journal entries.
2. At the end of each month and fiscal year end, the CFO will review all balance sheet accounts including verification of the following balances: cash accounts match the bank reconciliations, fixed assets accounts reflect all purchases, write-downs and retirements, accounts receivable and payable accounts match outstanding amounts due and owed.
3. The income and expense accounts review will include reconciliation to amounts received and expended and verification that payroll expenses match the payroll reports including federal and state payroll tax filings.
4. Once the final monthly and fiscal year-end financial statements are run, reviewed, and approved by the CFO and accountant completing quarterly compilation, no more entries or adjustments will be made into that quarter's or year's ledgers.
5. At the end of the fiscal year, the CFO or outside CPA will prepare the annual Return for Organization Exempt from Income Tax (IRS Form 990). The return will be presented to the CEO, and the Board Chair for their review and approval.
6. All other appropriate government filings including those required by the state tax board and attorney general's office will be completed and filed with the appropriate agency.

XIII. Financial Reports

The CFO will prepare the monthly and annual financial reports for distribution to the Executive Chairman. The reports will include: balance sheet, statement of income and expenses, budget versus actual report for each program which has an established budget, a budget versus actual report for the organization, cash flow projection, and any other requested reports.

Periodic and annual financial reports will be submitted to the Board of Directors for review and approval.