

ACCOUNTING POLICIES

BACKGROUND

It shall be the policy of the East Texas Gulf Coast Regional Trauma Advisory Council to create and maintain accounting, billing, and cash control policies, procedures and records which are consistent with Generally Accepted Accounting Principles (GAAP) and which meet the requirements of state and federal statutes and regulations. Every attempt will be made to assure there are checks and balances within the organization. In a small office, it becomes more difficult to maintain separation of duties.

PURPOSE

The East Texas Gulf Coast Regional Trauma Advisory Council accounting, audit, and financial management policies are designed to:

1. Protect and secure the assets of East Texas Gulf Coast Regional Trauma Advisory Council.
2. Ensure the maintenance of accurate records of the East Texas Gulf Coast Regional Trauma Advisory Council's financial activities.
3. Ensure compliance with governmental and private funding source reporting requirements.

DEFINITIONS

1. Contractor- defined as the RAC contract employee

PROCEDURE

Cash

Bank accounts are established as required by donors and funding requirements.

1. Individuals generally authorized to make payments include the President, Vice-President, and Treasurer of the Board
2. All persons approved to make payments will be formally approved by the Board of Directors.
3. The Board of Directors authorizes who will be granted access to all bank accounts. The approval of access shall be reflected in the Board of Director's meeting minutes.
4. The Board of Directors will set clear guidelines and approval process for how credit / debit cards are issued as well as rules for usage and reporting to ensure financial accountability.

5. Banks are notified the next business day of all changes of authorized check signers.
6. All printed checks are to be pre-numbered and accounted for (used, voided, not used).
7. Voided checks are to be properly defaced and maintained.
8. Bank reconciliations to the general ledger are to be done monthly and provided to the Treasurer.

Cash Receipts

1. Any cash receipts are deposited within 3 days of receipt.
2. The bank's stamped deposit slip will be attached to the remittance documentation. A copy of the deposit slip and receipt will be maintained in electronic financial records.

Cash Disbursements

1. Approved expenses such as bills, rent, reimbursement, etc. will be sent by the contractor to the Executive Officers of Finance for electronic approval noting the account in which the expenses will be withdrawn.
2. Once the contractor receives the signed bill, a purchase order will be generated out of the current financial software and sent to the Executive Officers of Finance for electronic approval. A copy of the approved expense invoice will be attached to the entry in the financial software.
3. Once the signed purchase order is returned to the contractor, the actual payment can be processed.
4. Cash disbursements are made by check or electronic ACH payment.
5. The Executive Officers for Finance approves all invoices for payment of purchase order. For RAC-R purposes, we utilize the purchase order form created by current financial software as a transmittal.
6. Vendor invoices are checked for accuracy prior to approval by the Executive Officers of Finance.
7. Payments will be issued when supported by approved invoices and proof of receipt.
8. Bank transfers are scheduled and reviewed to ascertain that both sides of the transaction are recorded.

9. Supporting documentation is noted as paid, check number, date paid, and general ledger account code. Supporting documentation is noted as approved for payment.
10. Account codes for each payment are reviewed for accuracy.
11. The East Texas Gulf Coast Regional Trauma Advisory Council finance and accounting staff will ensure that all costs paid through the utilization of external funding sources are recognized as ordinary, necessary, within the budget, and do not deviate from established practices of the organization.

A cost will be considered reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.

General Ledger Account Coding

1. All cash receipts and disbursements are account coded and reviewed by the Contractor.
2. Allocation of shared expenses among functions, grants, and/or contracts is done according to the East Texas Gulf Coast Regional Trauma Advisory Council's Capital Allocation Plan approved by DSHS.
3. Funding from multiple sources may be kept in an account with other funding; however, it must be tracked independently.

Revenue

1. Revenue is earned using the cash basis of accounting.
2. Cost reimbursement grants or contracts earn revenue when the expenses are incurred (not committed).

Expenses

1. Expenses are charged directly to programs when specific identification is available.
2. Expenses are charged to programs based upon a shared cost rationale when the direct charge cannot be established.
3. Expenses are prohibited to be used for any purpose that is ineligible under a funding award.
4. When utilizing the credit / debit card for purchases, the board member must submit a copy

of the receipt along with completion of the Debit Card Use Memorandum. These documents must be sent to the contractor with 3 business days of the purchase.

5. Expenditures for each grant, loan, or contract are to be recorded according to the budget categories for that funding source. For each funding award, the East Texas Gulf Coast Regional Trauma Advisory Council will maintain records that allow for a comparison of outlays with approved budget amounts.
6. When there are government funds involved, the East Texas Gulf Coast Regional Trauma Advisory Council will follow OMB A-122 cost principles if outlined in the contract.
7. When there are government funds involved, programs and grants will not be charged for un-reimbursable items such as, but not limited to: entertainment, fundraising expenses, bad debts, fines or penalties or interest on debt defined by the contract.
8. Before the East Texas Gulf Coast Regional Trauma Advisory Council seeks reimbursement from a funding source, it will ensure that the costs for which it is seeking reimbursement are allocable to that source. A cost will be considered allocable to an external funding source (unless otherwise prohibited) if it is treated consistently with other costs incurred for the same purpose in like circumstances and if:
 - a. The cost is incurred specifically for the award.
 - b. The cost benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or
 - c. Is necessary to the overall operation of the organization, although a direct relationship to any objective cannot be shown.
9. Any cost allocable to a particular award or other cost objective may not be shifted to other awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of any award of funds.

Financial Reporting Procedures

1. The Contractor will be responsible for compiling monthly and year-to-date reports on all cost centers by revenue source, expense code, and asset and liability account balances.
2. Financial reports are reconciled to the general ledger and accounting records prior to submission to the funding source.
3. If an expenditure is different from an external funding source's approved budget, prior approval must be obtained from the funding source prior to the submission of the

financial report.

4. Monthly financial reports which analyze the East Texas Gulf Coast Regional Trauma Advisory Council's financial position and the effectiveness of its management and programs will be presented to the Board of Directors at least monthly.
 - a. Periodic reports will be provided to all funding sources as requested or required by contract.
 - b. The East Texas Gulf Coast Regional Trauma Advisory Council's finance and accounting staff will maintain records that identify adequately the source and application of funds for all activities. These records shall contain information pertaining to awards, authorizations, obligations, assets, outlays, income and interest. Records to be maintained include copies of contracts, invoices, proof of payments and allocation tracking when costs are distributed among several funding sources.

Banking Policy

The East Texas Gulf Coast Regional Trauma Advisory Council will:

1. Keep all funds available not already invested in a federally insured bank.
2. Support Local Banks if Economically Feasible: All assets kept in bank accounts will be in banks defined as local. "Local" is defined as having a physical presence for customer service within East Texas Gulf Coast Regional Trauma Advisory Council's service area.

Budget Principles/Procedure

Structure of the budgetary process shall evolve from the mission and by-laws of the East Texas Gulf Coast Regional Trauma Advisory Council with consideration given to the requirements of any of the organization's funding partners.

1. Budget Principles
 - a. The budgetary process shall comply with the organization's funding partners and in accordance with applicable state and federal laws.
 - b. The budgetary process shall comply with the guidelines and principles set forth by the Board of Directors.
 - c. Annually, each program area shall identify and develop a plan for its operation. The budgets needed to execute the plan shall be developed by appropriate personnel.

- d. Budgets shall be approved by the Board of Directors.

2. Procedures

- a. The organization's Treasurer will prepare and submit an operating budget to the Board of Director's 30-60 days prior to the beginning of the new fiscal year and prior to submission to funding sources.
- b. Budget submissions will be made available to any funding sources as requested.
- c. The approved preliminary or final operating budget will become the blueprint for the budget submission to all outside funding sources.
- d. Differences in budget line items between the organization's operating budget and an approved grant budget will be resolved in negotiations between the Treasurer and the funding agency.

Adjustments in Budget/Spending Plans

1. Any adjustments or changes in spending policies/budget plans which vary by more than 10% from the original approved budget will be submitted for approval to the Board of Directors.
2. These changes will be communicated in writing to funding sources as required by contractual agreements.
3. If proposed changes are unsatisfactory to the funding source, the Treasurer will communicate this response to the Board of Directors, who may authorize:
4. Changing the budget/plan to one which is satisfactory to the funding source, or
5. Entering negotiations to develop a compromise satisfactory to the funding source and the Board of Directors.
6. After approval of the changes by all parties, the changes will be communicated in writing to all staff and members.

Audit Procedure

1. East Texas Gulf Coast Regional Trauma Advisory Council will contract for an independent audit to be performed by a Certified Public Accountant (CPA) at the conclusion of each fiscal year.

2. The auditor(s) will complete the audit within four months of the conclusion of the fiscal year.
3. The auditor(s) will test accounting mechanisms in accordance with generally accepted auditing standards for not-for-profit organizations and as contractually required by funding sources.
4. If during its established fiscal year, the East Texas Gulf Coast Regional Trauma Advisory Council expends over \$750,000 in federal funding, it will contract for an audit that meets the requirements of outlined in the contract.
5. A formal written report of the audit will be presented East Texas Gulf Coast Regional Trauma Advisory Council's Board of Directors and each principal funding source.

Alyson Nickum-Smith

Alyson Nickum-Smith
Chair, Board of Directors

4/17/25

Date

STANDARD OPERATING PROCEDURE