



Center *for* _____
Bioethics & Research

FINANCIAL CONFLICT OF INTEREST AND ACCOUNTING POLICIES AND PROCEDURES

24th July, 2020.

Center for Bioethics and Research (CBR) is a non-profit organization with the following staff involved with financial conflict of interest and accounting processes:

- Program Director
- Program Director
- Chief Operating Officer
- Bookkeeper/Accountant

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I. Introduction

The purpose of this manual is to describe all accounting policies and procedures currently in use at Center for Bioethics and Research and to ensure that all accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

All Center for Bioethics and Research 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 are reviewed annually and revised as needed by the staff and approved by the Program Director 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 at CBR:

Board of Directors

1. Reviews and approves the annual budget
2. Reviews annual and periodic financial statements and information
3. Reviews Program Director's performance annually and establishes the salary
4. Reviews and approves all contracts over \$1,000.
5. Reviews and approves all non-budgeted expenditures.
6. Reviews and advises staff on internal controls and accounting policies and procedures
7. Determines whether the organization should have an audit and, if so, chooses and contracts with the auditor

Program Director

1. Reviews and approves all financial reports including cash flow projections
2. Sees that an appropriate budget is developed annually
3. Reviews and signs all issued checks and/or approves check signing procedures
4. Reviews and approves all contracts under \$1,000
5. Reviews and approves all grant submissions
6. Approves inter-account bank transfers
7. Is on-site signatory for all bank accounts
8. Opens all bank statements, reviews for any irregularities, and reviews completed monthly bank reconciliations
9. Oversees the adherence to all internal controls

Chief Operating Officer

1. Approves all program expenditures
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 Program Director with the development of annual and program budgets
8. Reviews all incoming and outgoing invoices
9. Manages the petty cash fund
10. Receives and opens all incoming accounting department mail except bank statements

11. Monitors and manages all expenses to ensure most effective use of assets
12. Monitors grant reporting and appropriate release of funds
13. Oversees expense allocations
14. Monitors and makes recommendations for asset retirement and replacement
15. Reviews, revises, and maintains internal accounting controls and procedures
16. Initiates donor thank you letter acknowledgements
17. Reviews all financial reports

Bookkeeper/Accountant

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. Prepares monthly and year-end financial reports
7. Reconciles all bank accounts
8. Mails vendor checks
9. Manages Accounts Receivable

III. Chart of Accounts and General Ledger

Center for Bioethics and Research 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). The Chief Operating Officer is responsible for maintaining the Chart of Accounts and revising as necessary.

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 Chief Operating Officer.

The Chief Operating Officer reviews the general ledger on a periodic basis for any unusual transactions.

IV. Cash Receipts

Cash receipts generally arise from:

1. Grants
2. Direct donor contributions
3. Fundraising activities

The principal steps in the cash receipts process are:

The Receptionist receives incoming mail and forwards it unopened to the Chief Operating Officer. The Chief Operating Officer opens, date stamps, and distributes the mail. The Chief Operating Officer enters all checks into a log, stamps all checks “for deposit only,” and makes two (2) copies of each check. The checks are kept in a locked cabinet until handed to the bookkeeper for processing and deposit.

Weekly or more often, if necessary, the Chief Operating Officer submits the following to the Bookkeeper for processing: the endorsed checks, the deposit logbook, and the correct account allocation for each 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. The deposits are put in a file to attach to the bank statement. The deposit logbook is returned to the Chief Operating Officer.

All cash received will be counted, verified, and signed off by the Chief Operating Officer and another available staff member. The cash will immediately be processed using the appropriate allocation. The cash will be kept in a locked, secure location and deposited within 24 business hours.

V. Inter-Account Bank Transfers

The Chief Operating Officer monitors the balances in the bank accounts to determine when there is a shortage or excess in the account. The Chief Operating Officer recommends to the Program Director when a transfer should be made to maximize the potential for earning interest. The Bookkeeper is directed in writing when to make a transfer and in what amount. A copy of the transfer is given to the Chief Operating Officer.

VI. Cash Disbursements & Expense Allocations

Cash disbursements are generally made for:

1. Payments to vendors for goods and services
2. Taxes/license fees
3. Staff training and development
4. Memberships and subscriptions
5. Meeting expenses
6. Employee reimbursements
7. Marketing/promotional materials

Checks are processed as necessary. Invoices submitted to the Chief Operating Officer by Monday will be processed and paid by Friday of the same week. Checks can be prepared manually within one day, but this is limited to emergency situations.

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

All invoices must have the account code written on them and approved by the Chief Operating Officer prior to being submitted to accounting.

Every employee reimbursement or purchase request is 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:

Lodging - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose.

Meals and Entertainment - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose.

Other Expenditures - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

The Chief Operating Officer reviews all requests for payment and:

1. Verifies expenditure and amount
2. Approves for payment if in accordance with budget
3. Provides or verifies appropriate allocation information
4. Provides date of payment taking into account cash flow projections

5. Submits to the Bookkeeper for processing

The Bookkeeper processes all payments and:

1. Immediately enters them into the Accounts Payable module
2. Prints checks according to allocation and payment date provided by the Chief Operating Officer
3. Submits checks, with attached backup documentation, to Program Director for approval and signature. All checks in excess of \$5,000 require a second signature from an authorized board or staff member; checks in excess of \$6,000 must be authorized by the Board of Directors
4. Stamps invoice "paid"
5. Mails checks and appropriate backup documentation
6. Files all backup documentation in the appropriate file
7. Runs an accounts payable aging at the middle and end of each month and submits to the Chief Operating Officer to assure timely payment of all invoices

VII. Debit Card Policy and Charges

All staff members who are authorized to carry an organization Debit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the Debit 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 Center for Bioethics and Research receives funds.

The receipts for all Debit card charges will be given to the Chief Operating Officer within two (2) weeks of the purchase along with proper documentation. The Chief Operating Officer will verify all Debit card charges with the monthly statements. A record of all charges will be given to the Bookkeeper with applicable allocation information for posting. A copy of all charges will be attached to the monthly debit card statement when submitted to the Program Director for approval and signing.

The Program Director's debit card usage will be provided to the Board Chair and the Board Treasurer.

VIII. Accruals

To ensure a timely close of the General Ledger, Center for Bioethics and Research may book accrual entries. Some accruals will be made as recurring entries.

Accruals to consider:

1. Monthly interest earned on money market accounts, certificates of deposits, etc.
2. Recurring expenses, including employee vacation accrual, prepaid corporate insurance, depreciation, etc.

IX. Bank Account Reconciliations

1. All bank statements are given unopened to the Program Director. The Program Director reviews the statements for unusual balances and/or transactions.
2. The Program Director gives the statements to the Bookkeeper for 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, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
3. The Bookkeeper verifies that voided checks, if returned, are appropriately defaced and filed.
4. The Bookkeeper investigates any checks that are outstanding over six months.
5. The Bookkeeper attaches the completed bank reconciliation to the applicable bank statement, along with all documentation.
6. The reconciliation report is reviewed, approved, dated, and initialed by the Program Director.

X. Petty Cash Fund

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

1. The petty cash fund does not exceed \$500 and it is kept in a locked file cabinet at all times.
2. The Chief Operating Officer oversees the petty cash fund.
3. All disbursements made from petty cash are acknowledged in writing by the receiving party.
4. All money returned to the petty cash fund is counted and verified by the Chief Operating Officer and another staff member. Receipts for items purchased with petty cash are included with the return and they include appropriate account allocations as well as supervisor approval.
5. The Chief Operating Officer and the Bookkeeper together periodically count the cash in the petty cash fund.
6. No checks are 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
5. Official Vehicle

It is the organization's policy to capitalize all items which have a unit cost greater than one thousand dollars. Items purchased with a value or cost less than Five hundred dollars 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

1. A Fixed Asset Log is maintained by the Bookkeeper including date of purchase, asset description, purchase/donation information, cost/fair market value, donor/funding source, identification number, life of asset.
2. The Log is reviewed by the Chief Operating Officer
3. Annually, a physical inspection and inventory is taken of all fixed assets and reconciled to the general ledger balances.
4. The Chief Operating Officer is informed in writing of any change in status or condition of any property or equipment.
5. Depreciation is recorded at least annually. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Any impaired assets discovered during the inventory are written down to their actual value.

XII. Personnel Records

1. All personnel files contain the following documents: an application and/or resume, date of employment, position and pay rate, authorization of payroll deductions, termination data where applicable, a signed confidentiality agreement, a signed acknowledgement of receipt of Employee Handbook, an emergency contact form, and other forms as deemed appropriate by the Chief Operating Officer.
2. All employees fill out an application form and submit the allowable forms of identification to the Operations Manager.
3. The completed application forms will be kept in a secure location separate from the personnel files.
4. All personnel files are kept in a secure, locked file cabinet and accessed only by authorized personnel.

XIII. Payroll Processing

1. Timesheets are completed by all staff on the approved form and submitted semi-monthly on the 15th and 30th of the month. If the 15th and/or 30th of the month fall on a weekend or holiday, the timesheets are submitted the day prior to the weekend or holiday. Exceptions to the submittal date may occur and will be communicated accordingly.
2. Timesheets are kept on a daily basis and completed in ink.
3. Any corrections to the timesheets are made by making a single line through the error and writing in the correction. Correction fluid and/or tape are not allowable.
4. Timesheets are signed and dated by employees for submission to the Chief Operating Officer.
5. Any changes to the standing information of the payroll register from the prior period including addition of new employees, deletion of employees, or changes in base pay rate is accompanied by an Employment Information Form and signed by the Program Director before the change can be made.
6. The Bookkeeper processes payroll in a timely manner and records vacation time, holiday hours, sick time, and any other information deemed necessary to properly reflect time worked.
7. Paychecks are distributed by the Operations Manager on the 30th of each month. If the 30th falls on a weekend or holiday the paychecks are distributed the day before.
8. If an employee requests that his/her check be turned over to a third party, the request is made in writing prior to distribution.
9. Employees may choose direct deposit to a designated bank account. Their paycheck is deposited directly into the designated account on the payroll date. The employee will receive a verification stub.
10. The Chief Operating Officer reviews payroll expenditures and allocations monthly.
11. All quarterly payroll reports are prepared and filed appropriately.

XIV. End of Month and Fiscal Year-End Close

1. The Chief Operating Officer reviews and signs off on all month- and year-end journal entries. They are printed and filed for audit trail purposes.
2. At the end of each month and fiscal year end, the Chief Operating Officer reviews all balance sheet accounts including verification of the following balances: cash accounts match the bank reconciliations, fixed assets accounts reflect all purchases, 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.
4. Once the final monthly and fiscal year-end financial statements are run, reviewed, and approved by the Chief Operating Officer and Program Director, no more entries or adjustments will be made into that month or year's ledgers.
5. All other appropriate government filings including those required by the state and attorney general's office will be completed and filed with the appropriate agency.

XV. Financial Reports

The Bookkeeper prepares the monthly and annual financial reports for distribution to the Chief Operating Officer. The reports 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, accounts receivable aging, accounts payable register and aging, cash flow projection, and any other requested reports.

Periodic and annual financial reports are submitted to the Finance Committee and Board of Directors for review and approval.

XVI. Fiscal Policy Statements

1. All cash accounts (except petty cash) owned by Center for Bioethics and Research will be held in financial institutions.
2. All capital expenditures which exceed Five thousand dollars will be capitalized.
3. Employee or public personal checks will not be cashed through the petty cash fund.
4. No salary advances will be made under any circumstances.
5. No travel cash advances will be made except under special conditions and pre-approved by the Program Director.
6. Reimbursements will be paid upon complete expense reporting and approval using the official Center for Bioethics and Research form. Reimbursements to the Program Director will be authorized by the Board Chair.
7. Any donated item with a value exceeding \$2,000 will be recorded and a letter acknowledging the donation will be sent to the donor within two weeks of the receipt of the donation.
8. All volunteer time shall be recorded as in-kind donations.
9. The Program Director is the signatory on Center for Bioethics and Research bank accounts.
10. Bank statements will be reconciled monthly. All bank statements will be given unopened to the Program Director for review.
11. Correction fluid and/or tape will never be used in preparing timesheets or any accounting documents.
12. Accounting and personnel records will be kept in locked file cabinets in the finance office and only parties with financial and/or HR responsibility will have access to the keys.