



Policy TITLE:	Accounting Policies and Procedures for Administration of Assistance Agreements: General
Policy NO.:	1-111
REVISION NO:	1.2
Program	Administration

Committee Approved Date:	7/30/15
Policy Committee Reviewed Date:	NA
TNI Board of Directors Endorsed Date:	NA
POL Effective Date:	7/30/15

I. GENERAL

The NELAC Institute (TNI) has a responsibility to the government and its membership to use funds from assistance agreements prudently, ethically, and for the purpose for which they are designated. Staff are expected to assume personal responsibility and accountability for understanding the relevant laws, regulations, contract and grant requirements, and for ensuring compliance. Standards of administration for state and private grants and agreements will be at least as high as federal standards, and in situations in which agreements are not clear, federal standards will be used. Project Leaders have a duty to inform those under their supervision that they should comply with the applicable standards and, if they do not comply, they will face disciplinary action. Business activities must reflect the highest standards of honesty, integrity, and fairness. Care will be taken to ensure proper record keeping, allocation, and charging of costs. All TNI personnel must be especially careful to avoid even the appearance of misconduct or impropriety.

Although the legal agreement funding a sponsored project is between the sponsor and TNI, and the TNI Executive Director is responsible to ensure that standards of fiscal integrity, compliance with federal regulations, and standards of appropriate internal control are met, the overall responsibility for management of a sponsored project within funding limitations, and within criteria set by the agreement, rests with a designated Project Leader (PL). The PL is responsible for submission of sponsor-required reports (See Reporting Policy) on a timely basis. If the PL sends the report directly to the project monitor, he/she must also send a copy to the Executive Director at the same time to ensure the organization's permanent files are properly updated.

II. ACTIVITIES ALLOWED OR UNALLOWED

There are types of activities which are either specifically allowed or prohibited by the laws, regulations, or provisions as contained in OMB A-122. This circular describes selected cost items, allowable and unallowable costs, and standard methodologies for calculating indirect cost rates. General criteria are:

1. Costs must be reasonable and necessary for the performance and administration of federal awards.
2. Costs must be allocable to the federal awards under the provisions of OMB's cost principles. A cost is allocable to a particular cost objective, if the goods or services involved are charged or assigned to such cost objective in accordance with the relative benefits received.
3. Costs must be given consistent treatment through those generally accepted accounting principles (GAAP) appropriate to the circumstances. A cost may NOT be assigned to a federal award as a direct cost, if any other cost incurred for the same purposes in like circumstances was allocated to another federal award as an indirect cost.
4. Costs must conform to any limitations or exclusions set forth in the circulars, federal laws, state and local laws, sponsored agreements, or other governing regulations as to types or amounts of cost items.
5. Costs must be NET of all applicable credits that result from transactions that reduce or offset direct or indirect costs. Examples of such are discounts, rebates, recoveries, refunds and the like.

III. DIRECT COSTS AND INDIRECT COSTS

Direct Costs are those costs that can be specifically, exclusively, and readily assigned to a specific project.

Indirect Costs are those costs that benefit common activities and therefore, cannot be readily assigned to specific direct cost objectives or projects. Indirect costs include the following: building and equipment depreciation, operation and maintenance expenses, interest expenses, and general administrative expenses.

IV. CASH MANAGEMENT

In general, program costs are paid for by TNI funds before reimbursement is requested.

The sponsor may pay TNI by using the advance or reimbursement method as stated in each agreement or, for federal awards, the payment method may also be mandated by each agency's policy. TNI will use the reimbursement method for all awards unless the agreement specifies otherwise. When possible, TNI will electronically draw-down funds from the applicable sponsors. TNI will follow the Federal agencies electronic fund transfer instructions to receive funding using the draw-down methodology. TNI will review the individual non-federal sponsors' agreements or regulations for receiving advances and reimbursements as necessary.

TNI has adopted a policy that limits advances, in part, in order not to be excessively burdened by administrative and financial requirements. Advances taken are only to be done for expenditures in excess of \$10,000 that will be spent within 30 days and will be limited to the amount that TNI will need to continue the project or program, including direct costs and a proportionate share of indirect cost. Any amounts requested in advance will have to meet these criteria, plus any other sponsor advance method criteria, but in particular, the advance will have to be disbursed within the time limits specified by the sponsor.

Each PL is responsible for processing all requests for advances and reimbursements for all sponsors by either drawing-down the funds or by sending the sponsor an invoice. Invoices may not be prepared by anyone other than authorized personnel. The Executive Director is responsible for collections of amounts due, preparation of aging due schedules, and follow-up with the sponsors, but may ask the assistance of PL's as necessary. Requests for reimbursements and advances will be processed monthly unless the sponsor requires a different schedule.

If the PL is aware that he/she will be spending a substantial amount of funds (> \$10,000) in a short period (usually within 30 days), then he/she should inform the Executive Director of the extent and timing of these large expenditures. The Executive Director, after consulting with the TNI Finance Committee, will determine whether an advance request is appropriate.

V. DOCUMENTATION AND REPORTING

The PL will maintain all the records for reimbursements and advances for each award. The accounting system will generate the internal reports used to request reimbursements and advances. Transactions must be properly recorded and accounted for to permit preparation of reliable financial statements and federal reports, maintain accountability over assets, and demonstrate compliance with laws, regulations, and other requirements.

VI. ACCOUNTING

TNI utilizes a professional accounting firm, Stewart, Brooks, and Bates, to perform all accounting activities. This firm uses GAAP to record all activities. For each assistance agreement, TNI establishes a separate chart of accounts to track all expenditures and revenues in addition to developing specific tracking mechanisms for each task in each agreement. All direct labor, fringe, travel, and other direct costs are also accounted for separately within each agreement, by task. All receipts and relayed backup information to support direct costs are maintained by the accounting firm. The TNI Executive Director reviews these accounts annually to ensure conformance to federal regulations and OMB A-122.

VII. FINANCIAL REPORTING

TNI is required to develop reliable and timely financial reports to demonstrate that

1. it is accountable for its assets,
2. it is complying with laws, regulations, and the provisions of contracts or grant agreements, and
3. funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Quarterly details of revenues and expenses will be the responsibility of the Executive Director to submit to the TNI Finance Committee. An annual statement of financial activities is prepared by the accounting firm for public information as requested.

Additional Related Policies:

TNI Accounting Policies and Procedures for Administration of Assistance: Procurement Policy (Policy 1-113)

TNI Accounting Policies and Procedures for Administration of Assistance: Property Management and Control Policy (Policy 1-117)

TNI Accounting Policies and Procedures for Administration of Assistance: Reporting Policy (Policy 1-118)

TNI Accounting Policies and Procedures for Administration of Assistance: Policy on Recording Direct Labor Charges (Policy 1-119)

TNI Accounting Policies and Procedures for Administration of Assistance: Conflicts of Interest Policy (Policy 1-120)

Policy Approved Changes

Revision No.	Effective Date	Description of Change
0	11/6/06	
1.1	3/10/12	Split large policy into individual policies. Updated format.
1.2	7/30/15	Changed "SOP" to "Policy" in Related Policies