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## **FINANCIAL CONTROLS & DISBURSEMENT POLICY**

NOVEMBER 1, 2015  
(Effective Date)

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**PERSONS AFFECTED:**

NCAC Employees and Board Members  
NCAC Vendors, Contractors, and Sub-recipients  
Research Participants

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### **1. GENERAL**

The Board of Directors is responsible for authorizing all bank accounts and check signers. Financial reports shall be presented to the Board of Directors for review on a quarterly basis. An annual financial compilation, review, or audit, depending upon the size of the budget, will be conducted by a qualified outside accountant. Applicable financial and administrative guidelines relating to specific grant funding shall be followed (please see Appendices 1-2)

### **2. CASH RECEIPTS**

Employees handling cash will have the necessary knowledge and skills to perform the job and will be carefully supervised. Cash receipts must be deposited within 3 days of receipt or when the deposit amount exceeds \$2,000, whichever comes first. Incoming checks must be restrictively endorsed, "for deposit only" with the organization's account number, when received. Incoming cash must be counted and receipts/bank deposits developed by two or more persons authorized to perform these functions. Records of cash received must be totaled and initialized by financial officer. Cash collection documentation totals must be compared and reconciled to bank deposit receipts on a regular basis. Bank deposit receipts must be compared and attached to the original bank deposit slips. Adequate physical controls must be maintained over cash receipts from the time of receipt to deposit in the bank. Contributions and grants received in bank account electronically via Electronic Funds Transfer (EFT) or Automated Clearing House (ACH) will be posted to accounting software within 3 days of receipt.

### **3. CASH DISBURSEMENTS**

Cash disbursement policies and procedures should ensure that cash is disbursed only for valid business purposes after approvals by authorized persons and in compliance with applicable donor, sponsor or regulatory requirements.

#### **a. Check Authorization**

The director must provide approval for all disbursements. Supporting documentation must accompany checks when presented for signature.

### **b. Checks**

Most non-recurring disbursements will be made by check. Recurring disbursements may be set up electronically with vendor via Electronic Funds Transfer with prior director approval. Only pre-numbered checks shall be used. Signing of blank checks is strictly prohibited. Checks must be made payable to specific payees based upon appropriate documentation; and never to “cash” or “bearer”. Prior to preparing checks, receiving reports should be compared to vendor invoices for accuracy. Checks must be prepared from vendor invoices only and not from a vendor statement. Signature stamps may never be used to sign checks. The director or the financial officer may sign checks. Access to blank checks must be limited to persons authorized to prepare checks. Blank check stock must be locked in a secure place when not in use. Any voided/spoiled checks must be marked “Void”, shredded with the signature portion removed and retained in a secure place.

### **c. Gift Cards**

For many research projects, gift cards are dispersed instead of cash because of the greater ability to track gift cards and cancel their balances if a problem arises. Gift cards can be tracked by their digital number. We distribute gift cards to survey participants at the time of the survey so no mailing is required. Survey participants sign a receipt, which we use to monitor inventory of gift cards during the course of a study. To maintain confidentiality, receipts are destroyed at the end of the study after the final disbursement accounting is made. The director or project manager is present during all data collection activities and will have responsibility for supervising the dispersal of gift cards. All gift cards and receipts are inventoried following community events and/or weekly, whichever is sooner. Gift cards are stored in a locked cabinet in a locked office that only the director and project manager have access to.

### **d. Bank Reconciliations**

Bank accounts must be reconciled by the financial officer on a monthly basis and reviewed by the director. The director must receive the bank statements, including canceled checks, etc., unopened from the bank. All check numbers must be accounted for. Checks outstanding over 90 days must be periodically investigated, with payment stopped and an entry made restoring such items to cash if appropriate.

## **4. TRAVEL AND EXPENSES**

Employees must submit a detailed expense record, with supporting documentation, in order to be reimbursed for expenses. This record must be approved by the director prior to payment. Employees are entitled to reimbursement for ordinary, necessary, and allowable business/research-related expenses. Receipts documenting expenditures are required to receive reimbursement. All reimbursement requests must be submitted within 10 days of the completion of travel.

## **Appendix 1.**

### **CASH REIMBURSEMENT FROM SPONSORS**

The financial officer will set up a new project to record the grant budget and financial activity. Each grant is accounted for as a separate project. The bulk of grant expenditures result from invoices paid to external vendors or payroll charges. For those grants that are reimbursement-based, the financial officer initiates cash drawdowns or submits invoices to the funding agency or to the prime in the case of a sub-award.

Most federal grant reimbursement is performed via a web portal specific to that agency. A log-on ID and password are required for access to these sites. Federal agencies remit funds via ACH to the bank account, which is reconciled monthly by the financial officer. Checks received for payment of grant invoices are forwarded to the financial officer and deposited in the bank account in a timely manner.

#### ***Overview of Reimbursement Process***

The PI or director approves all payments made from grant funds and forwards paperwork to the financial officer. It is expected that a PI and director will remain abreast of all grant activity and reporting requirements. This includes ensuring that:

- The work plan described in the proposal narrative is fully implemented
- Reporting deadlines are adhered to
- Charges to the grant are reasonable, allowable and directly support the scope of work
- Charges to the grant do not exceed available funds
- Salary and wages charged to the grant are consistent with the effort expended by individuals working on the project
- All federal and internal policies are adhered to.

The financial officer reviews each transaction for reasonableness, allocability, allowability, and availability of funds. The financial officer codes invoices to the correct budget category and project, indicates his/her approval by signature, and submits the payment request for approval to the director. Once the director approves the payment, the financial officer enters each invoice into the accounting system for payment. Each payment batch is verified by a second staff member to ensure that invoices are entered correctly.

The director and the financial officer meet at least monthly to review project status and identify any items requiring correction. The financial officer performs a reconciliation of expenses to the cash on hand at least quarterly but not more than monthly to determine amounts to be requested from the sponsoring agencies or prime in the case of a subaward. Drawdown requests are performed through web portals specific to the agency, or invoices are submitted to the prime for payment.

#### ***Overview of Budget Revision Process***

The PI and director are both responsible for adhering to the conditions of the sponsored or sub-award agreement and obtaining required approvals for changes. Award budgets are entered during project set-up or annually if the award is incrementally funded.

Federal Agencies recognize the need for re-budgeting and in most cases allow the PI to make these decisions in order to best support the project. Sponsor or prime approval is needed in certain circumstances and must be obtained before submitting requests to the financial officer.

Changes requiring sponsor and/or prime approval are:

- Re-budgeting resulting from change in scope or objective of the project
- Change in key personnel
- Disengagement of the project for more than 3 months or a 25% or greater reduction in time devoted to the project by the PI
- Re-budgeting Participant Support Costs
- Re-budgeting to include subawards, or to purchase equipment or contract out work that was not in the original proposal.

PI's and the director should adhere to the terms and conditions of non-Federal awards regarding Budget Revisions.

## **Appendix 2.**

### **FEDERAL GRANT-FUNDED PURCHASES**

#### **1. Purpose**

The purpose of this policy is to ensure that goods and services purchased for the performance of a federal grant are obtained in a cost-effective manner and in compliance with federal regulations.

#### **2. Scope**

This policy applies to PI and any designees (“buyer”) authorized to initiate purchases on behalf of a federal grant. This policy is not applicable to the general purchases of the organization.

#### **3. Responsibility**

The PI is responsible for determining whether a purchase is allowable under the terms of the federal grant and will ensure purchases are in accordance with this policy. The financial officer will provide decision support and will serve as the final repository for purchase transaction records under federal grants.

#### **4. Code of Conduct**

As representatives of NCAC, all employees and interns are expected to conduct themselves in a professional and ethical manner, maintaining high standards of integrity and the use of good judgment. All staff are expected to be principled in their business interactions and act in good faith with individuals both inside and outside the campus community.

#### **5. Overview**

To promote compliance with federal regulations, NCAC requires buyers to perform some measure of cost/price analysis when making purchases under federal grants. Buyers shall avoid purchasing unnecessary items. All vendor bids and quotations must be evaluated on the basis of product quality, technical compliance with specifications, total cost, and the vendor’s acceptance of NCAC’s terms and conditions. The vendor selection process for goods and services valued at \$3,000 or greater must be documented and stored as part of the transaction record.

#### **6. Vendor Selection and Bidding Requirements**

Buyers shall consider the following before making a vendor selection:

- Does the vendor provide the best mix of quality, service and price for the specified need? Federal regulations require that the lowest price have priority, unless quality, service or delivery time takes priority as to need.
- Does the vendor qualify as a small, disadvantaged, minority or women-owned business? Qualifying vendors should be given preference to the extent practical and economically feasible.
- Does the vendor supply products and services that conserve natural resources, are energy efficient and protect the environment? Vendors should be given preference, to the extent practical and economically feasible, for such products.

The level of bidding required and documentation to be submitted to the financial officer is determined by the dollar amount of the purchase.

*For purchases under \$3,000:*

Formal documentation of vendor selection is not required. Buyers are expected to conduct an informal cost/price analysis and select the vendor offering the best mix of quality, service and price for the specified need. Reasonable efforts shall be made to ensure fair and competitive pricing.

*For purchases from \$3,000 to \$20,000:*

A minimum of three (3) bids, written or verbal, are required. Each vendor must be provided with the same precise and accurate description of the specifications and technical requirements for the item or service. Web price lists and catalogue listings can be considered verbal bids.

Buyers must complete a Vendor Selection Form. A copy of the completed form must be attached to the selected vendor's invoice and submitted to the financial manager for payment.

*For purchases \$20,000 and over:*

A minimum of three (3) written bids are required. Each vendor must be provided with the same precise and accurate description of the specifications and technical requirements for the item or service. Written bids may be received by mail, fax or email and should be signed/e-mailed by an authorized representative of the vendor. See Obtaining Competitive Bids below.

Buyers must complete a Vendor Selection Form. A copy of the completed form and all written bids must be attached to the selected vendor's invoice and submitted to the financial manager for payment.

When lease options are available, an analysis of the lease versus buy option must be performed to determine which alternative would be the most economical and practical form of procurement. The financial officer will assist buyers with a lease/buy analysis upon request.

## **7. Obtaining Competitive Bids**

Solicitations for goods and services shall provide the following:

- A clear and accurate description of the technical requirements for the material, product, or service desired. The description shall not be designed to limit competitive solicitation from multiple vendors.
- Requirements that the bidder must fulfill and all other factors to be used in evaluating bids and proposals.
- A description of the technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
- The specific features of "brand name or equal" descriptions that bidders are required to meet.
- To the extent practical, that products and service be dimensioned in the metric system of measurement.
- Preference, to the extent practical and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.

- Positive efforts shall be made to utilize small-business, minority-owned firms and women's business enterprises, whenever possible.

## **8. Non-Competitive Vendor Selection**

Occasionally, a buyer is unable to competitively bid the requirements. These situations are characterized as sole or single source transactions. Non-competitive vendor selection may only be used when one or more of the following circumstances apply:

1. The item is available only from a single source;
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
3. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
4. After solicitation of a number of sources, competition is determined inadequate.

For non-competitive purchases the Principal Investigator must complete the Vendor Selection Form if the purchase is over \$3,000.

## **9. Exceptions**

The Project Manager must approve any exceptions to this policy by written notice.

## **10. Sub-recipient Policies**

A sub-recipient agreement is an agreement made by NCAC to a third party for the performance of a substantive portion of the work of a sponsored project. In most cases, a sub-recipient award will be for a particular phase or area of a sponsored project which has been identified in both the proposal and subsequent agreement of the prime grant or contract and where NCAC maintains overall scientific, administrative, and financial responsibility (as opposed to covering the use of professional or consulting services).

In most cases, sub-recipient agreements will be to other agencies for services similar to those performed by NCAC in the course of its research activities (research, instruction, and public service). The sub-recipient agreement document will be referenced as either a subcontract, sub-grant, or sub-agreement. This determination will be based on the prime award being issued as a contract, grant, or agreement.

It is recognized by NCAC that in its research-community partnerships, the proposed research project will often be the joint intellectual property of NCAC and its sub-contractees. NCAC makes every effort to partner with researchers and agencies who offer other unique skills for the successful execution of the project. In these cases, sub-recipient policies apply and sole source contracts may be offered.