

Financial Management Policies

NOACA Finance and Audit Committee
May 12, 2017

4-25



Action Requested

Recommend this item to the Executive Committee for placement on the June 2017 Board of Directors' agenda:

- Cash Management Policy
- Allowability of Costs Policy
- Time and Effort Policy

Previous Action

None



Background

- The Federal government's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards – “Supercircular” – of December 2013:
 - Supercedes and streamlines a number of other regulations, circulars and guidelines.
 - Requires written policies/procedures for FY beginning after December 2014

Cash Management Policy

- Payment methods must minimize time between a transfer from the U.S. Treasury and disbursement. Federal rules also regulate:
 - Advances
 - Period of Performance
 - Carryovers
 - Program Income
- NOACA generally receives grant payments on a reimbursement basis. In the event an advance is received, appropriate measures will be taken to ensure compliance.

Allowability of Costs Policy

- Generally, costs must meet the following criteria to be allowable:
 - Be necessary and reasonable;
 - Conform to limitations or exclusions;
 - Be consistent with policies and procedures that apply to non Federally funded activities;
 - Be accorded consistent treatment;
 - Be determined according to GAAP;
 - Not be used as a matching requirement; and
 - Be adequately documented.



Allowability of Costs - continued

- A cost is reasonable if the cost does not exceed what a prudent person would pay in a similar situation. Costs should also be in line with:
 - What is ordinary and necessary for the performance of the award;
 - Sound business practices, arm's length transaction, regulations, and terms of the award;
 - Market values of comparable goods and services; and
 - The organization's practices and policies.

Allowability of Costs - continued

Allocable Costs – a cost is allocable to a Federal award if

- The goods or services are incurred specifically for the Federal award; or
- The goods or services benefit the Federal award and other work of the agency and can be distributed in proportions that may be approximated using reasonable methods.

NOACA only seeks reimbursement for items in the Board-approved OWP and Budget and uses an approved Cost Allocation Plan to charge expenditures to Federal projects.

Time and Effort Policy

- Compensation for personal services is allowable when they are:
 - Reasonable;
 - In conformance with agency policies that are applied consistently to both Federal and non-Federal activities;
 - Supported by adequate documentation:
 - Internal controls;
 - Official records;
 - Total employee activity;
 - Both Federally assisted and other activities;
 - Accounting policies and practices; and
 - Distribution of wages among specific activities





Time and Effort Policy - continued

- NOACA maintains a system for documenting time and effort as a part of the payroll system, including time worked and time taken as leave.
- Staff members charge their time to each activity they perform.
- The payroll process requires employee, supervisor, and financial staff approvals.
- NOACA's HR Handbook addresses conflicts of interest, fringe benefits and reimbursements for travel and relocation.

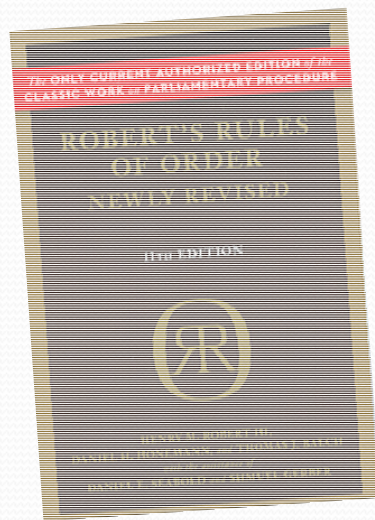
Next Steps

- Pending Board of Directors approval, the policies will be used to guide NOACA's financial management processes and actions.

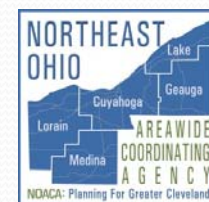


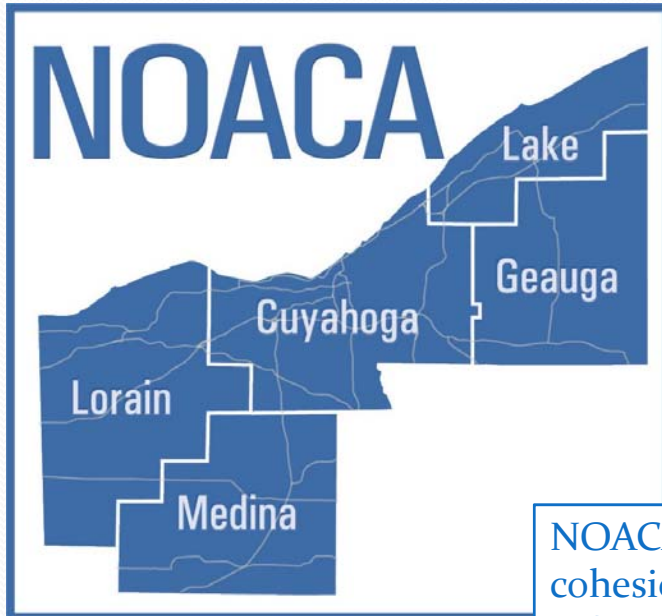
Action

- Recommend the following policies to the Executive Committee for placement on the Board of Director's June agenda.



Motion
Second
Discussion
Put the Question





NOACA will **STRENGTHEN** regional cohesion, **PRESERVE** existing infrastructure, and **BUILD** a sustainable multimodal transportation system to **SUPPORT** economic development and **ENHANCE** quality of life in Northeast Ohio.