

-SAMPLE-

USAID SERVICES

**MANUAL OF
ACCOUNTING POLICIES**

Last Revised Date

January 1, 200X

Managers and Employees
of the USAID Services
Anywhere, USA

I am furnishing you with a copy of the Manual of Accounting Policies. This contains the official financial management and accounting policies of the Agency.

This Manual was developed to codify the organization's policies to strengthen its traditional financial management and accounting functions. This Manual also contains our policies on integrity, cost estimating, property management and compensation. In this period of increased auditor scrutiny of organization's practices, this Policy Manual and the enforcement of these policies are essential to safeguard the organization's assets and practice.

More than simply collecting dust on one's shelf, these policies are intended to be observed. Your performance will be judged, in part, by your adherence to these policies.

It is our intention to keep this Manual up to date. For your part, after reading it, we would appreciate your input on how these policies could be made more relevant to your job and your suggestions for new or changed policies.

It is our goal to keep USAID Services a strong and viable operation and we consider this Manual to be an important step in that direction.

Sincerely,

USAID Services

I. M. Smart
Controller

USAID Services

MANUAL OF ACCOUNTING POLICIES

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A. Expenditures for:

Type of Expenditure or Transaction	Amount	Authority by Position
1. Major investments (capital and construction-in-progress; sale/leaseback arrangements; major modifications or betterment; intangible assets)		
2. Capital asset purchases		
3. Leases and rental transactions (direct and indirect)		
4. Business meetings and business-related social activities		
5. Overhead expenses		
6. Consultants and representatives and executive search agreements		
7. Legal fees and retainers		

B. Business Commitments and Authorizations

1. Teaming Agreements
2. Proposals/grant applications
3. Contracts/grants
4. Authorization to incur costs, unfunded expenditure request
5. Procurements (including subgrants)

C. Banking and Financing

- a. Password access to bank accounts
- b. Authorized to negotiate and commit the Corporation to financing arrangements

c. Authorized to execute investments

d. Financing arrangements

D. Personnel Matters

1. New hires

2. Temporary employees or contract labor personnel

3. Transfers or changes in labor classification (direct to indirect and vice versa)

4. Employment agency fees and/or employment advertising

5. Salary action, transfer, promotion and termination

6. Job descriptions

7. Leave of absence

8. Education authorization and refund

9. Relocation expense

E. Other Costs

1. Time card approvals

2. Exempt overtime authorization

3. Association dues

4. Compensatory time off

5. Travel authorization

6. Temporary travel advance

7. Permanent travel advance

8. Expense reports

9. Employee activities

10. Employee incentive payments

11. Severance pay

F. Other Matters

1. Disposal of capital assets

2. Write-off of accounts receivable

219 Endorsement Requirements for Agency Checks

A. All checks issued by the Agency should be signed by two authorized officials, each of whom is independent of the control of the other person.

Title of Official	Maximum Check-Signing Threshold
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

B. The practice of presigning blank checks is a specific violation of the Organization's internal control structure.

221 EFT Transfer, Authority for, and Compliance with the Bank Secrecy Act

A. Only the Chief Financial Officer is/are authorized to execute bank electronic funds transfers from one corporate bank account to another. For transactions above \$_____, or for transfers to any other bank, prior written approval must be obtained from _____/President/VP Operations.

B. For each cash transfer of, or related transfers amounting to, more than \$10,000 not made through a U.S. financial institution, USAID Services shall file a IRS Form 4789, Currency Transaction Report, with the Internal Revenue Service in accordance with the Bank Secrecy Act.

223 Political Activity

A. The Hatch Act and the Intergovernmental Personnel Act of 1970 preclude Federal funds from being used for partisan political purposes of any kind by any person involved in the administration of Federally-assisted programs.

- B. Employees of USAID Services are precluded, during periods of compensated time, from lobbying, preparing political publications or materials, making partisan political speeches or engaging in related activities intended to influence legislation or to promote a political party or candidate.

225 Equal Opportunity, Working Conditions and Environment

- A. It is the organization's policy that all employment practices, including recruiting, hiring, transfers, promotions, compensation, benefits and termination practices, will be on the basis of job performance and without regard to race, creed, color, religion, national origin, sex or age. This policy also applies to qualified disabled veterans, persons with physical or mental handicaps, and veterans of the Vietnam era. Participation in organization-administered training, education, tuition reimbursement, social and recreational programs will be offered on the same basis of equal opportunity to all employees. Safe and healthful working conditions will be provided employees at all locations. There will be compliance with all applicable Federal, state and local regulations on matters relating to the protection of the environment.
- B. Name or Title of Manager has been designated to oversee Civil Rights compliance. This official will maintain a log of and copies of all correspondence regarding complaints filed with Federal, state and/or local agencies responsible for ensuring nondiscrimination in government programs. He or she will track the status of all unresolved complaints or investigations and actions taken on resolved complaints and completed investigations.

227 Davis-Bacon Compliance

- A. For all construction, etc., covered by the Davis-Bacon Act, all laborers and mechanics employed by grantees or subgrantees to work on construction projected financed by Federal assistance must be paid wages not less than those established for the locality of the project by the Secretary of Labor.
- B. USAID Services will insert the appropriate contract provisions regarding the Davis-Bacon Act in all applicable invitations for bid/requests for proposal, and resulting contracts.
- C. USAID Services will require all contractors and subcontractors to which the Davis-Bacon Act applies to certify all salaries and wages in compliance with the Act. Appropriate personnel of USAID Services will examine the payroll records of such contractors on a sample basis to determine compliance with the Davis-Bacon Act.

229 Relocation Assistance Compliance

For grant activity involving displacing residents or businesses in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, USAID Services will make arrangements for locating adequate replacement housing or facilities and paying any appropriate compensation.

231 Current and Former Government Employees, Restrictions on Employment of

- A. For up to two years from the date of retirement from the armed services of the United States, no retired officer may discuss, negotiate or sell any services or products to the Department from which he/she was retired. All such personnel will carefully limit their contacts with their former agency or its employees.
- B. For up to two years from the last date a former government office or employee participated personally and substantially in the conduct of a procurement, the former government official may not participate in any negotiations leading to the award, modification or extension of a grant for such procurement, or participate personally and substantially in the performance of such grant.
- C. Before engaging in any discussions regarding employment with USAID Services, a current U.S. government employee with procurement officer responsibilities, as defined in FAR 3.104, will obtain a recusal from his/her current responsibilities and provide a copy to USAID Services.
- D. Before hiring all former procurement officials of the U.S. government, either USAID Services or the affected former procurement official will receive an ethics advisory opinion regarding any post-employment restrictions.

233 Control of Non-Contemporaneous Cost Transfers

For all transfers of costs from one grant to another, and from a direct cost to an indirect cost or vice versa, made on other than a contemporaneous basis, USAID Services will:

- A. Have available in its accounting records an appropriate written justification statement for any cost transfers
- B. Obtain the written approval of the Controller
- C. Reflect the adjustment in its General Journal.

235 Suspense Account, Use of a

Any cost the treatment of which as a direct cost or an indirect cost is unknown at the time originally incurred will be recorded to the suspense account (A/C No. ___) until its disposition has been resolved.

237 Government Access to Records

The Chief Financial Officer will provide access to the organization's records to the Comptroller General or his designee and provide supporting records as requested by government auditors to facilitate the completion of such audits or reviews.

239 Security of Financial Data

- A. The organization's automated accounting system will have sufficient built-in general controls and application controls to preclude unauthorized access to data.
- B. Access to any computer-based financial data will be granted on a need-to-know basis and will be restricted by a series of passwords to be revised quarterly.
- C. The system's accounting data will be backed up after use and stored in a safe location.

241 Security of Corporate Documents

Originals of the following important corporate documents will be maintained at the indicated location and its presence verified on a periodic basis:

Document	Location	Frequency of Inventory
Minutes of the Board of Directors		
Banking agreements		
Securities		
Financing documents		
Leases		
Insurance policies		
Contracts and subcontracts		
Joint venture agreements		

243 Use of Agency Assets

- A. Except as provided in Policy Statement No. 973 regarding the use of Agency vehicles, no employee of USAID Services may use any Agency property, equipment, material or supplies for personal use without the prior approval of (title).
- B. Any such uses of Agency assets for personal purposes may be reportable to the Internal Revenue Service for tax purposes.

245 Use of Company Credit Cards

- A. Credit cards assigned to executives who travel extensively will only be used for company-related expenditures. The outstanding balance of credit purchases will not exceed \$5,000 and this amount must be liquidated within 30 days.
- B. Monthly credit card statements will be received by the accounting unit as well as by the credit card holder.

247 Other Internal Control Policies

As an organization doing business with the U.S. government, USAID Services has instituted the following additional internal control policies related to its government grants:

- A. Cost data will be reconciled on a sample basis with labor and materials distributions and verified with source records (i.e., time cards, purchase orders, etc.).
- B. Labor charges will be periodically compared with work actually performed on a sample basis.
- C. Any alteration made to a time card by an employee or a project supervisor will be justified in writing on the source document.
- D. Costing data will be periodically reconciled with the books of account or, if not integrated, with control accounts.
- E. Government invoices will be periodically compared on a sample basis with the underlying time charges and the time sheets.
- F. Invoices unpaid beyond 30 days of submission will be followed up for collection.
- G. Charges on representative invoices will be compared with the timing of labor and materials payments.
- H. Representative invoices will be compared with approved costs in the cost proposal before submission.
- I. USAID Services has hired an internal auditor since the size of its government work dictates it.

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500 REVENUE SOURCES

501 Revenue Recognition

Revenue under cost reimbursement-type grants is recorded as costs are incurred. Applicable estimated fees, if any, are included in revenue in the proportion that incurred costs bear to total estimated costs. Revenue and anticipated profits under certain performance-based and unit rate contracts that require substantial performance over a long period of time before deliveries begin are accounted for under the percentage-of-completion cost-to-cost/efforts expended/units-of-delivery/units-of-work-performed method.

503 Program Income

- A. Program income is gross income generated directly by a grant supported activity or earned only as a result of the grant agreement during the grant period.
- B. If authorized by Federal regulations or the grant agreement, costs incident to the generation of program income may be deducted from gross income to determine program income.
- C. Depending on the method provided for in the grant agreement, program income will be deducted from outlays, added to the funds committed to the grant agreement, or used to meet the cost sharing or matching requirements of the grant agreement.

505 Contributions

- A. A contribution is an unconditional transfer of cash or other asset to an entity or a settlement or cancellation of its liabilities in a voluntary nonreciprocal transfer by an entity acting other than as an owner.
- B. Contributions received, including unconditional promises to give, are recognized as revenue in the period received at their fair market value, in conformance with Statement of Financial Accounting Standard No. 116.
- C. USAID Services will recognize those unconditional promises to give in the financial statements only when promises are evidenced in the form of verifiable documentation.
- D. Contributions should be recognized as revenues or gains in the period received.

- E. Rather than recognizing such contributions as contribution revenue, USAID Services will treat as a liability any cash or other financial asset from a donor which it agrees to disburse, the return from investing them, or both to the specified beneficiary(ies), according to FASB Statement No. 136.

507* Definition of Grants as a Contribution

It is USAID Services's policy to consider a grant as an in-substance purchase as defined in paragraph 3 of FASB 116, especially when grants are used to pay for services provided to third parties.

507* Definition of Grants as a Contribution

It is USAID Services's policy to consider a grant as a contribution as defined by paragraph 5 of FASB 116.

509 Donated Facilities or Services

Contributed facilities or services (e.g., volunteers) shall be recognized as revenue if the services received:

- A. Create or enhance nonfinancial assets, or
- B. Require specialized skills: are provided by individuals possessing those skills; and would typically need to be purchased if not provided by donation.

511* Contributions of Long-Lived Assets

Long-lived assets constitute temporarily restricted support since it is ABC Service's view to imply time restrictions are the life of the assets.

511* Contributions of Long-Lived Assets

Long-lived assets should be recognized as unrestricted support.

513 Interest Earned on Advances

Except for interest earned on advances of funds exempt under the Intergovernmental Cooperation Act and the Indian Self-Determination Act, USAID Services will, at least quarterly, remit interest earned on advances to the applicable Federal agency. USAID Services may retain interest amounts up to \$250 per year to offset administrative expenses.

515 Investment Income

Any gains or losses from investments will be reported on the Statement of Activities.

517 Rental Income

Rent payments received net of any prepayments and net of any credits for costs incurred on government awards will be recorded as income.

519 Royalties

Revenue from royalties for the use of patents, licenses or copyrights shall be recorded as income when earned according to any agreements entered into by USAID Services.

521 Barter Transactions

The Agency records all barter (nonmonetary) transactions at the time such agreements are consummated. The estimated fair value of goods or services received is recognized as revenue when the source is used.

523 Segregation of Revenues

USAID Services will separately identify the source and application of funds provided for Federally-funded activities in its coding structure.