

Kaw Nation

Accounting Policy and Procedures

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Statement of Purpose/Objectives of the Centralized Accounting System

The primary objective of establishing fiscal policies and procedures is to promote the accurate recording and timely reporting of all financial transactions completed in order to meet the objectives of the Kaw Nation. Included in the objective is compliance with all federal and state rules, regulations and procedures governing each grant or source of funding.

The objective will be met by requiring that all financial transactions be conducted in accordance with policies and procedures prescribed in this manual. Unless statutory law requires otherwise, the underlying intent of structuring the fiscal administration herein is to adhere to Generally Accepted Accounting Principles (GAAP).

An accurate record will be maintained of project expenses and funds through monthly financial statements. Tribal Council, Staff, Grantors, Federal and State Governments all rely upon the integrity of this information for decision making purposes.

This manual is designed to provide the vehicle to control funds received from all sources, Federal, State, or Private. Grant accounting may be subjected to rigid legal requirements and restrictions. In applying for funds, the applicant organization agrees to administer the project in accordance with governing regulations and policies in effect at the time of the awards. The organization assumes the legal responsibility for fiscal and administrative management and fulfillment of any special conditions which may be prescribed for the project. The organization is responsible for performing the agreed upon project and for using the funds prudently for the purpose/s set forth in its agreement with the agency.

Definitions

ALLOWABLE COSTS: OMB Circular A-87 defines allowable costs as follows:

To be allowable under an award, cost must meet the following general criteria:

- Be necessary and reasonable for proper and efficient performance and administration of the award.
- Be allocable to Federal awards under Circular A-87.
- Be authorized or not prohibited under State or local laws or regulations.
- Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of Federal award, or other governing regulations as to types or amounts of cost items.
- Be consistent with policies, regulations and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Except as otherwise provided for in the Circular A-87, be determined in accordance with generally accepted accounting principles..
- Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
- Be the net of all applicable credits.
- Be adequately documented.

ALLOCABLE COSTS: A cost that can be assigned or charged to one or more activities or items (cost objectives) based on the benefit(s) received or some other fair, reasonable and logical connection, although a direct relationship may not be established. OMB Circular A-87 defines allocable costs as follows:

- A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

- All activities which benefit from the organizations indirect cost, including unallowable activities and services donated to the government by third parties, will receive appropriate allocation of indirect costs.
- Any cost allocable to a particular award or cost objective under the principles provided for in Circular A-87 may not be charged to other awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the awards, or for other reasons.
- Applicable credits.
(Applicable credits refer to those receipts or reductions of expenditure type transactions that offset or reduce expense items allocable to awards as direct or indirect costs. Examples of such transaction a: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the organization relate to allowable costs, they shall be credited to the award either as a cost reduction or cash refunds, as appropriate.)

ASSETS: A valuable item that is owned. A future economic benefit obtained or controlled by a particular entity as a result of past transactions or events. Examples include cash and accounts receivable.

BALANCE SHEET: A statement of the assets, liabilities, and fund balance as of a specified date. Total Assets equal total liabilities plus fund balance.

BUDGET: An itemized summary of probable income and expenditures for a given period.

CHART OF ACCOUNTS: A list of all account numbers by an organization to record activity into the general ledger.

CONTRACT: A legally enforceable agreement with a party for a specified amount of valid consideration to be paid to that party for specific deliverable(s) outlined in a scope of work.

DEFERRED REVENUE: Revenue that is not yet recognized.

DIRECT COST: Costs which can be specifically identified with a particular cost objective.

DISBURSEMENTS: Funds paid out.

EXPENSE: Decrease in financial resources.

FIXED ASSETS: A single tangible item valued at \$5,000 or more with a useful life longer than one year. The fixed assets inventory listing may also include items of a lesser value which are subject to pilferage such as electronics. Examples of fixed assets include buildings, equipment, and vehicles.

FRINGE BENEFIT: An employee benefit given in addition to one's wages or salary. Such as health insurance.

FUND: A fiscal and accounting entity with a self-balancing set of accounts which is segregated for the purpose of tracking specific activities in accordance with special regulations or restrictions.

FUND BALANCE: The difference between the assets and liabilities of a governmental fund.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP): Rules of accounting established by experienced professional accountants and bodies such as the Financial Accounting Standards Board.

GENERAL FIXED ASSETS: Capital assets are not assets of any fund, but of the government unit as a whole. Most often these assets arise from the expenditures of the financial resources of governmental funds.

GENERAL FUND: Accounts for all financial resources except those required to be accounted for in another fund.

GENERAL LEDGER: A record of monetary transactions of an organization posted in the form of debits and credits.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB): The board which is the authority for establishing governmental accounting standards.

GOVERNMENTAL FUNDS: The funds through which most governmental functions are typically financed.

GRANT: Any agreement, memorandum of agreement, contract or grant agreement or award that provides funding to the Kaw Nation or its entities to perform a specific project. Grants may be provided to the Nation or its entities by the State, Federal Government, a Business, an Organization, a Foundation or an Individual.

INDIRECT COSTS: Costs incurred for a common or joint purpose benefitting more than one cost objective. Assigning these costs to more than one objective requires an effort that is disproportionate to the results achieved. Examples of indirect costs include Human Resource staff and electricity for the administrative building.

JOURNAL ENTRY: A two sided entry consisting of a debit and a credit used to record information into the general ledger.

LIABILITY: Obligation of an entity, such as accounts payable.

MEMORANDUM OF AGREEMENT (MOA): A document written between two or more parties to cooperatively work together on an agreed upon project or goal, the MOA will contain specific language regarding the responsibilities of each party and the benefits for each party. There is a

list of binding terms and it usually has an obligation of funds specified for the project or objective.

MEMORANDUM OF UNDERSTANDING (MOU): A document written between two or more parties that indicates a common line of action. It is used in cases where the parties do not wish to have a legal commitment or in situations where the parties cannot create a legally enforceable agreement. An MOU is a common synonym for a Letter of Intent and may be used to define relationships between departments or agencies.

PAYEE: One to whom money is to be paid.

POST: To record an item in the general ledger.

PROJECT: The Kaw Nation uses the term 'project' to refer to the individual funds set up in the general ledger.

REASONABLE COSTS: OMB Circular A-87 defines reasonable costs as follows: A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. The question of reasonableness is particularly important when governmental units or components are predominately federally funded. In determining reasonableness of a given cost, consideration shall be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.
- The restraints or requirements imposed by such factors as: sound business practices; arms length bargaining; Federal and State and other laws and regulations; and, terms and conditions of the award.
- Market prices for comparable goods or services.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the organization, its members, employees, and clients, the public at large, and the organization.
- Significant deviations from the established practices of the organization which may unjustifiably increase the award costs.

REVENUE: Increase in financial resources.

SPECIAL REVENUE FUNDS: Funds to account for specific revenue sources that are restricted legally to be expended for specific purposes.

STATEMENT OF REVENUES AND EXPENDITURES: A financial statement which shows revenue, expenditures, and changes in fund balance during a specified period of time.

TRIAL BALANCE: A list of the balances of the accounts in a ledger fund by double entry, with the debit and credit balances shown in separate columns. The totals of the debits and credits must be equal for the trial balance to balance.

UNALLOWABLE COSTS: The following costs are unallowable under OMB Circular A-87:

- Alcoholic beverages
- Bad debts, including losses (whether actual or estimated) arising from uncollectable accounts and other claims, related collection cost, and related legal costs, are unallowable.
- Contingencies (see exceptions, Number 12, OMB Circular A-87)
- Contributions and donations
- Entertainment
- Fines and penalties
- Fund raising and investment management costs
- Goods or services for personal use.
- General governmental or non award expenses
- Interest and other financing costs except where authorized under the circular
- Legislative expenses
- Lobbying
- Under-recovery of costs of other grants or agreements

Other costs not listed may also be unallowable. See OMB A-87 for complete information.

A. Method of Accounting

As a governmental entity, the Kaw Nation requires that all general and special revenue funds (general fund and grants and contracts) adhere to Generally Accepted Accounting Principles (GAAP) as endorsed by the Governmental Accounting Standards Board (GASB). The following five basic principles of governmental accounting will be followed by the Kaw Nation:

1. Basis for Accounting

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Expenditures are recognized when the related liability occurs. The Modified Accrual Basis results in the accounting reports reflecting the substance of transactions and events, as well as the actual receipt and disbursement of cash. This enhances their relevance and completeness.

2. Accounting and Reporting Capabilities

A governmental accounting system must make it possible to present fairly and with full disclosure the financial position and results of operations of the funds and account groups of the governmental unit in conformity with GAAP and to demonstrate compliance with legal and contractual provisions.

3. Project Fund Accounting

The National Committee on Governmental Accounting defines “Fund” as:

An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Kaw Nation follows this accounting method for all project accounting. Each project fund has its own assets, liabilities, fund balance, revenues and expenditures. Funds are segregated for the purpose of carrying on specific activities of a grant or contract in accordance with its special regulations, restrictions, and limitations. All money received or expended is classified and defined within a specific fund.

Separate project funds do not imply physically separated records, but does mean that financially, each fund is a complete and separate entity, yielding distinct reports.

4. Budgeting

Budgets are prepared annually to coincide with the fiscal year and to comply with the Kaw Nation Budget and Appropriations Act. The accounting system provides the basis for appropriate budgetary control. Budgetary comparisons are included on the Statement of Revenues and Expenditures report.

5. Financial Reporting

Complete Audited financial statements will be issued annually. Interim financial reports such as the Balance Sheet, Statement of Revenues and Expenditures, General Ledger Activity and an investments report will be provided monthly to the Tribal Chair and the Tribal Council, or as requested, for their review.

Procedures for processing each report are in the General Ledger Users Guide.

Balancing routines after reports are run are as follows:

- Equity on Balance Sheet shall equal the Equity Account in Trial Balance.
- Income and Expense totals on the Statement of Revenue and Expenditures shall equal Income Summary and Expense Summary accounts on Trial Balance.
- Funded Amount less Expense on Statement of Revenues and Expenditures shall equal Fund Balance (equity) on Balance Sheet.

Monthly financial reports will also be distributed to the Accounting Director, Grants and Contracts Director, Compliance Director and Administrative Services Director as well as various Departmental Directors, Project Administrators and Project Coordinators.

B. Chart of Accounts

One standard master Chart of Accounts shall be used by all projects. This requirement, however, will not preclude a project with a unique transaction from having a code in the Chart to accommodate it. Likewise, all the accounts may not appear for each project, since unused accounts hinder computer processing, but those used will be consistent for all projects.

The Chart of Accounts for the Kaw Nation is a four digit sequence that begins with an identifying number representing assets, liabilities, etc., as follows:

- 1XXX - Assets
- 2XXX - Liabilities
- 3XXX - Equity
- 4XXX - Revenue
- 5XXX - Cost of Sales
- 6XXX - Expense

The remaining numbers represent the activity - for instance 2000 represents accounts payable or 6147 represents supplies.

Projects are identified in the Accounting Software by use of acronyms and budget years for grants.

Example: Water Quality Monitoring with a budget ending date of 2014 would be WQM 14.

Non grants are as follows TRB - Tribe General Fund or IHS - IHS Compact etc.

Department are identified in the Accounting Software as follows:

Grants - 000

Other - ADM for Administration or LE for Law Enforcement

C. Internal Controls

The objective of internal accounting controls is to provide management with reasonable assurance as to accountability of assets and the reliability of financial records for preparing financial statements.

The characteristics of an adequate system of internal controls include the segregation of duties within the organization based on functional responsibilities; a system of authorization and record retention; a degree of personnel competence equal with responsibilities; and a sound basis for practices to be followed to achieve the objectives of internal accounting controls.

These controls are recognized as best management practices but will be conditional upon the number of employees. Therefore, the following shall be adhered to:

1. No person shall have complete control over all phases of any significant transaction.
2. Whenever possible, the flow of work shall be from one employee to another so that the work of the second, without duplicating the first, provides a check upon the work of the first employee.
3. Record keeping shall be separated from operations or the handling and custody of assets, such as: In receiving cash through the mail, the person responsible for opening the envelopes shall immediately give all checks and negotiable instruments to an individual who shall log and list in duplicate each item received. (This person shall not be a member of the accounting staff). Once logged this individual will then bring said instruments and the log book to the accounting department. The accounting clerk responsible for cash receipts will then sign the cash log book and take custody of listed items for deposit to the bank.
4. Responsibilities in the accounting department shall be clearly established and followed as closely as possible.

The following shall be adhered to when handling cash:

5. All cash receipts shall be deposited intact and for the full amount received.
6. All collections shall be deposited as soon as possible, preferably the day received.
7. Collections and all other funds held within an office pending regular deposit shall be restrictively endorsed.
8. Petty cash funds and all other funds shall be kept under complete control and under proper safeguards.
9. The person preparing payrolls or time reporting records shall not handle the related pay checks.

10. Bank statements shall be reconciled promptly to the accounting records and the reconciliation reviewed and approved by the Accounting Director.

The following shall be adhered to when issuing checks:

11. Checks shall not be issued to "cash" or "bearer".
12. Check signers will not sign blank checks.
13. Records of void checks will be kept. When possible the actual void check will be stamped Void and filed with the Void check form, Purchase Order/Check Request and any other documentation deemed appropriate. When the actual check is not available a stop payment will be issued.

D. Budgets

Annual budgets will be prepared each year in accordance with the Kaw Nation ——— Budget and Appropriations Act.

Approved budgets will be entered into the accounting system by the Finance/Budget Director so that actual to budget comparisons will be reflected on the Statement of Revenues and Expenditures Report.

E. Audit

The Kaw Nation, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, requires an annual audit of federal funds under their control. No federal funds will be excluded from the audit. The Finance/Budget director is assigned responsibility for having the audit completed and audit reports distributed to the proper funding agencies and the Kaw Tribal Council.

The audit will be performed in accordance with the Single Audit Act and will address compliance and internal controls.

1. Auditor Selection Team
Every five years, the Finance/Budget Director will solicit requests for proposals (RFPs) from qualified firms of Certified Public Accountants for the purpose of auditing the Kaw Nation's financial statements. Proposals will be evaluated and graded by an Auditor Selection Team consisting of the Finance/Budget Director, Accounting Director and the Comptroller of the Kaw Nation Enterprise Development Authority. The auditor selection process will be conducted in a timely manner to allow the audit to be completed within the Federal audit deadline (currently September 30th of the current year for the preceding audit year.) Successful proposals will be graded and evaluated by the Audit Team on the following, but not limited to items:
 - a) Qualifications

b) Native American ownership/staff

~~d~~c) Amount of bid

~~d~~) Time-frame for audit completion

Upon completion of grading/evaluations of proposals the Auditor Selection Team will make a recommendation to the Tribal Chair for acceptance of proposal.

All firms submitting proposals will be notified in writing of the results of the Tribal Chair's decision.

F. Petty Cash

Whenever possible and practical, disbursements should be made by check from the bank account. When it does become necessary to make small miscellaneous cash expenditures they may be made from the "petty cash" fund.

Periodically, at least once per year, the Finance/Budget Director will make an unannounced visit to each petty cash fund designee to perform reconciliation.

The maximum amount of any Petty Cash Fund shall not exceed \$300.

The maximum individual Petty Cash reimbursement shall not exceed \$25.

Receipts dated more than 30 days prior to submission will not be paid.

Petty Cash Funds have been set up for the accounting department, Kanza Clinic and Child Care.

Control and Maintenance of the Petty Cash Fund is the responsibility of the person to whom the Petty Cash Fund is assigned. Before issuing petty cash the person responsible for disbursement must be given proof of purchase (receipt, invoice etc.). The proof of purchase must be coded with the project acronym and the general ledger number and be approved by the person responsible for the project to be charged or the Tribal Chair.

The accounting clerk shall write the project, department, chart of account number, amount and reason for purchase as listed on the documentation received, on the petty cash receipt. The receipt will then be signed by the person receiving funds.

The petty cash shall be kept in a locked box and in a locked drawer.

The total cash on hand plus the total of petty cash vouchers must equal the total fund at all times.

Petty Cash Funds will not be used to make change with the exceptions of the Court Clerk and Tag Agency Clerk.

Petty Cash is to be used to reimburse personal funds spent not used as an advance of cash for purchasing.

All Petty Cash Funds are to be reconciled on the 1st and 15th (or the nearest business day to these dates) of each month. Reimbursement to replenish cash if needed will be done at this time.

Petty Cash Reconciliation forms are to be filled out and approved by the person in charge of the fund and witnessed and approved by an alternate.

If total cash and slips do not reconcile after all reasonable attempts have been made to do so. The discrepancy will be noted on the petty cash reconciliation form. The reconciliation form must then be approved by the Tribal Chair who will then decide what if any course of action is to be taken.

G. Bank Reconciliation

The Kaw Nation shall maintain one checking account for general fund purpose. All cash receipts and disbursements for all funds will flow through this account. All general ledger cash balances shall be reconciled to the bank statement on a monthly or regular basis. Additional bank accounts such as the Central Payroll account may also be used by the Tribe. These bank accounts will also be reconciled to the general ledger on a monthly or regular basis.

The Kaw Nation accounting software has an automated bank reconciliation module. Within this module the reconciliation will include:

2. Reconcile deposits recorded on the bank statement to the ~~deposits~~ recorded in the bank reconciliation module. Check off any deposit-in-transit from the prior month's reconciliation to the bank as they appear on the current month bank statement
3. Any deposits not clearing the bank statement will represent deposits-in-transit on the current month's reconciliation. Deposits which have not cleared the bank within a month of the date deposited should be brought to the attention of the Accounting Director.
4. Reconcile cancelled checks on the current month's bank statement against those listed as outstanding. Any checks still outstanding should be listed on the current month's outstanding check list.
5. Compare each cancelled check with the entry in the bank reconciliation module as to:
 - Date
 - Payee
 - Number
 - Amount

and place a check mark by the entry. Those entries not checked off will make up the current month's outstanding check list. Checks outstanding for more than sixty(60) days should be brought to the attention of the Accounting Director.

6. Note any other transaction appearing on the bank statement which will be recorded on the books by journal entry. For example:
 - Returned Checks
 - Bank Service Charge
 - Wire transfer of funds
 - Stop payment checks

these items should be checked off of the Other Cash Items.

If any of the listed items was not recorded in the current month's General Ledger timely enough to be listed on the current month bank reconciliation, it will be written into the Suspense Items list.

7. Any items listed under Suspense for current month should be reconciled for the following month. If an item has been listed in suspense for more than one (1) month is should be brought to the attention of the Accounting Director.

Cash Receipt

There is a relatively high risk associated with transactions involving cash. Thus a strong system of internal accounting control is required. Deposit and accounting of funds require that:

1. Monies must be properly safeguarded and appropriately recorded.
8. Deposits are made on a daily basis.
9. All checks are stamped "Kaw Nation for deposit only" at time of receipt.
10. Deposit slips are written up documenting each check and cash transaction.
11. A deposit report form is filled out by the receiving clerk and verified along with the monies by a second accounting clerk who then makes the banking deposit.
12. Cash transactions are documented with the name of the project, department and general ledger number and entered into the general ledger via the accounting software. With each project having its own cash account. An unposted report of the daily cash transactions is approved by the Accounting Director before entries are posted.

Cash usually comes from the following sources:

- Grant/contract funds received from the grantor/contractor
- Title VI Program
- Museum Gift Shop
- Tag Agency
- Court fees
- Rent/lease income
- Taxes collected from Tribal enterprises
- Other miscellaneous cash receipts

Each time one of these sources of cash is received a written record must be made. The receipt for cash shall have three copies, with the original going to the person making the payment. One of the copies will be attached to the unposted cash report and the other will remain in the cash receipts book.

Some offsite Tribal location may make their own bank deposit such as:

- Kanza Clinic - 3rd party billing of Medical/Dental and Pharmacy reimbursements
- Wellness Center - daily sales
- After School Program - fees

Deposit and accounting of funds require that:

1. Monies must be properly safeguarded and appropriately recorded.
13. Deposits are made on a daily basis.
14. All checks are stamped "Kaw Nation for deposit only" at time of receipt.
15. Deposit slips are written up documenting each check and cash transaction.
16. A daily sales report or similar form is filled out by the receiving employee and verified along with the monies by a second employee who then makes the banking deposit.

17. The original sales or receiving report along with a cash register z tape or other substantial documentation as well as the bank deposit slip will be turned in to the accounting department at least once per week.
18. The accounting clerk receiving the reports will date stamp and initial them upon receipt. The accounting clerk will then fill out the proper accounting form with the name of the project, department, and general ledger number and enter it into the general ledger via the accounting software. With each project having its own cash account. An unposted report of the daily cash transactions is approved by the Accounting Director and approved before entries are posted.

Compact/Grant Management

Each compact/grant will be accounted for separately. All terms and conditions of compact/grants between the Kaw Nation and the Funding Agencies or will be complied with. Expenditures will be charged to a particular grant only in accordance with the terms and conditions of that grant. Compliance is the responsibility of the Compliance Specialist.

Departmental programs and projects, including those implemented in conjunction with the Kaw Nation Enterprise Development Authority -will be subject to all fiscal, personnel and property management policies of the Kaw Nation, as well as all applicable federal and state rules and regulations.

Prior to incurring any costs against an award - all compact/grant information including the budget justification must be forwarded to the Finance Director for review. The Finance Director will then forward this information to the Accounting Director for entry into the accounting system. No expenditure will be coded to any line item that is not allowable/appropriated by the funding agency.

Purchasing

All purchases must be approved by signature of Tribal Chair or authorized designee as well as the person or designee in charge of the budget that will incur the expense. All electronic items such as computers, printers, cameras etc., will be approved/ordered by the IT department. Approval- must be obtained prior to purchase with the exception of routine maintenance items such as nuts and bolts for the maintenance department and some charge accounts paid by statement. Statement paid accounts will be reconciled using individual charge tickets signed by the employee making the purchase and the supervisor.

An annual standing memo may be used for preapproval of certain items at the Clinic, such as medical/dental supplies, radiology screenings and dental appliances, at the discretion of the Tribal Chair. These memos in no way take the place of a Purchase Order.

No purchase order/check request is required for those payables mandated by law - payroll tax liabilities and insurance premiums for state and federal unemployment and workmen's compensation. Neither are they required for garnishments, levies, Tribally approved voluntary retirement instruments and employee reimbursements to the Nation.

If a Check Request Form is used to make payment for merchandise/services under a contract or agreement that has already been signed and approved by Tribal Chair no additional signature approval is necessary. However, a copy of the signed agreement/contract must be forwarded to the Finance/Budget Director. The Finance/Budget Director will assign a numerical code to be used on each Check Request Form used for payment to that vendor.

All purchases must be reasonable and allowable. Please see definition of reasonable and allowable in definition section. Annual budgets will be used as a guideline for all expenditures. *All items presented to the accounting department for payment must be complete and legible.*

Purchases are classified as follows:

Recurring expenditures requiring a Standing Purchase Order - Expenditures under this category include monthly payments for utilities, communications, office space leasing, bottled water, new hire background checks, vehicle fuel charges on account. Rentals/lease agreements - such as rugs or linens, copiers, pest control etc.. The frequency of the expense must be greater than annual. Standing Purchase Orders are to be reissued annually.

General Project purchases requiring Purchase Order- These purchases include expenditures such as supplies.

Education/Academic Awards, Child Care vendors, legal expenses, contracts and or projects that require multiple payments to the same vendor for a single project are paid from a Check Request Form.

The Social Services Department may use the application for services form in place of a purchase order/check request, this form, regardless of funding source, will be signed by the Social Services Director and approved by Tribal Chair or designee. These expenditures include but are not limited to, utility assistance, emergency assistance, burial and headstone assistance.

Education/Academic Awards including but not limited to Academic Scholarships, vocational training, adult education, school clothing assistance and Child care services require a check request form.

1. The person requesting the purchase/service must put their name in the 'requested by' line on the purchase order/check request. If the director/coordinator of the project incurring the expense is not the individual filling out the purchase order/check request then he/she must approve the purchase by placing their initials beside the requestors.

2. Purchases that will be paid for with grant funds must be reviewed and approved by the Compliance Specialist prior to approval by Chair.
3. Only the Chair and Tribal Council can approve Purchase Orders

| | | |
|-------|----------|----------------|
| Over | \$10,000 | Tribal Council |
| Under | \$10,000 | Chair |
4. Contracts are subject to the same \$10,000 approval levels.

Exception: Chair can approve contracts over \$10,000 if the merchandise/service being contracted is under a grant whose budget has already been approved by Tribal Council.

5. Purchase Order/Check Request must state the reason for purchase and include the Project/department acronym and general ledger number.
6. Purchase Order/Check Request must have proper documentation attached. Proper documentation consist of but is not limited to an invoice from the vendor stating the vendor name, address, total dollar amount and an itemized description of what was purchased or a contract or other legal agreement.
7. If approved, the purchase order/check request will be signed and returned to the department requesting approval. An order can be placed at this time.
8. If materials are involved, the employee receiving the materials shall acknowledge receipt by signing the receiving report on the purchase order.
9. When invoices/contracts are received from the vendor they will be compared to purchase orders/check requests. Discrepancies must be dealt with by the requestor and resolved before payment is made.
10. Any changes to an already approved purchase order/check request must be initialed by the director/coordinator and Tribal Chair.
11. The final step is to send the purchase order/check request with attached documentation to the accounting department. The accounting department will check documentation and approvals to ascertain that all requirements have been met prior to payment. If any discrepancies are found the Purchase order/check request will be sent back to the requestor for correction/clarification.

Please refer to the Procurement Policy Manual for additional information.

Purchase orders shall be pre-numbered and issued by the procurement clerk.

Committee Meeting Fees

Meeting claim forms are used to initiate payment for meetings. These forms shall be filled out at the time of the meeting. The claim form and a copy of the agenda/minutes must be approved by Tribal Chair for members to receive payment.

Full time employees that are appointed to boards/committees that meet during regularly scheduled work hours will receive only their regular rate of pay. If a meeting is held after regularly scheduled work hours, the employee may receive comp/overtime for the time of the meeting. Part-time or temporary employees shall receive their regular rate of pay if the meeting is held during a time that they are scheduled to work. If the employee is not scheduled to work at the time of the meeting, they will receive the meeting fee. Current time approval procedures apply. Employees will not receive mileage. Non employees will receive a set meeting fee with no mileage allowed. Employees required to attend Tribal Council and General Council Meetings will be paid comp or overtime but will not receive mileage.

H. Travel

Employees will receive an advance per diem whenever possible. However due to time constraints it may on occasion be necessary for the traveler to be reimbursed after the fact. Employees personally receiving 3rd party monies for travel or a stipend whether by check or cash shall turn this money in to the accounting department. Employees are to notify the accounting department in advance if their travel is reimbursable by a 3rd party and give all associated information and paper work to the designated accounting clerk. These monies will be credited to the project from which the expense originated.

Per diem, registration, taxi, shuttle, parking, rental vehicle and other similar travel expenses will not be paid to Tribal Attorneys and Tribal Court Judges for attending trainings, seminars etc., that may be used to benefit not only the Kaw Nation but other current and future clients as well. Hotel and air fare will be paid, a hotel folio must be turned in upon return. Travel or trainings specific to the Kaw Nation will include all travel related expenses allowable under the guidelines set forth in the Kaw Nation Travel Policy Manual. Travel expenses included on their invoices for professional services billed to the Nation will be evaluated and approved on a case by case basis.

Final Trip reports will be approved by the Administrative Services Director and if grant related, the Compliance Director before being forwarded to the Accounting Department.

Refer to the Kaw Nation Travel Policies Manual for additional information.

I. Cash Disbursements

Unused checks will be stored in a locked cabinet inside the office of the accounts payable clerk.

A W-9 form will be completed for each new vendor used. No payments will be made to new vendors until the W-9 form is received. New vendors will be reviewed to make sure that they have not been "debarred" or "suspended" by the federal government, by use of The Excluded Parties List System (EPLS) website. Original supporting documentation for expenditures must be reviewed and approved prior to payment. No check shall be written unless there is documentary proof that the service or merchandise has been received and are satisfactory.

Exception: For merchandise/services to be 'prepaid' or paid for in advance a written request for exception detailing the project to be charged, the vendor name, the product or service and the reason for the exception must be approved in advance by the Tribal Chair and the Compliance Director, if required. This document must accompany the Purchase Order or Check Request for payment to be issued.

When a check is written, the purpose for the payment shall be stated in the related paperwork. All checks are electronically signed by Tribal Chair and one other check signor. The Tribal Chair and one other check signor will, in person, sign the Check /Voucher Register report issued at the end of an accounts payable run. This accounts payable report will be accompanied by vouchers and check stubs corresponding to each check issued on that run. The bill, invoice or other proof that the service or merchandise has been received shall be clearly marked "Paid" and the check stub stapled to it to prevent duplicate payment. The paid bill will then be scanned into laser fiche and then filed in alphabetical order for future reference. All original paid bills will be filed in locking fire proof cabinets in the accounting department.

With the exception of emergency checks for travel, child/family welfare or similar time sensitive items all checks will be mailed from the accounting department.

J. Credit Cards

Certain credit cards may be used for very specific purposes and only by designated employees. These employees are:

Travel Clerk - Credit Card for securing rooms and paying for air travel only. See Tribal Travel Policy Manual for additional information.

Procurement Clerk - Credit Card for Staples only. Purchases must be pre-approved using the same guide lines as those for a Purchase Order. See additional information in the Procurement Policy.

Tribal Social Services Director - Credit Card for Wal-Mart for the purpose of annual school supplies and clothing purchases for qualifying Tribal Members.

Information Technology Director - Credit Card for Staples only.

Purchasing policy shall still be followed with preapprovals, documentation etc.

An accounting clerk will reconcile credit card statements monthly.

K. Payroll

Time Approval Procedure

This procedure describes Kaw Nation's method of documenting and approving actual time worked and applies to all employees who work on more than one project. The intent of this procedure is to ensure compliance with 2 CFR part 225, Attachment B, 8h5(a).

Definition of terms:

| | |
|-------------------|--|
| <i>Microix</i> | <i>Kaw Nation's computerized timekeeping software</i> |
| <i>MIP</i> | <i>Kaw Nation's payroll and accounting software</i> |
| <i>Chair</i> | <i>The elected leader of the Kaw Nation</i> |
| <i>ASD</i> | <i>Administrative Services Director position. He or she is to be sufficiently familiar with the work performed by staff reporting to the Chair so as to be able to attest to their actual time worked.</i> |
| <i>Time Study</i> | <i>Title of the Kaw Nation form used to document actual hours worked on multiple projects. Required only of the employees who work on more than one project.</i> |

Employees who work on multiple projects record daily the hours worked on each project on the Time Study form. By signing this form, staff attests that the time recorded is the actual hours worked on each project each day. No supervisor has the authority to direct an employee to record time in any manner other than actual hours worked. Completed Time Study forms are attached to time sheets and turned in to the Accounting Department for payroll processing. Once payroll has been processed these records are filed in the Accounting Department.

Supervisors have Microix access to input and approve staff time. When a supervisor approves an employee's time they are attesting that the distribution entered is a factual record of hours worked by project. In their absence, supervisors may assign these responsibilities. Supervisors who work on more than one project must also fill out the Time Study form.

Employees and Supervisors who report directly to the Chair have Microix access to approve their own time. Secondary review is done by Human Resources and final approval is performed by Chair, ASD or Chair assigned designee. Microix settings do not allow transfer of data to MIP without final approval.

The IT Director Maintains Microix security and may assign it to the ASD in her absence.

Required Signatures:

Employee and supervisor on Time Study Form and Time Sheet

Please refer to the personnel policy manual for more details regarding payroll, benefits and other employment issues. The following information summarizes the payroll process but does not address all of the personnel issues discussed in the Personnel Policy Manual.

When an individual is hired by the Kaw Nation the following forms must be completed:

- Change Action
- Direct Deposit Form
- W-4 Exemption Information

- I-9 Eligibility to Work Verification

The Accounting Director is given a copy of the Change Action prior to the employees first day of work so that the employee can be set up in the payroll system and in the time keeping software. (The Change Action must be approved by the Chair prior to setup.) The W- 4 and direct deposit forms will be given to the Accounting Director as soon as possible prior to the employee's first payroll.

The normal pay period for employees is biweekly. Pay will be issued on the Friday following the close of the pay period. At the end of each pay period, the following steps will be performed:

1. Each director with supervisory authority will turn in electronic and paper time sheets to Human Resources, no later than 10 am on the Monday following the close of the pay period.
Exception: Occasionally time sheets will need to be turned in on an earlier date. When this occurs a memo will go out to all directors stating when time sheets need to be turned in for that specific pay period. The notifying memo will be issued by the Human Resources Director after approval by Tribal Chair or designee.

2. Time Sheets will be signed by the employee and their supervisor.

3. Time records will include any annual, sick leave, holidays or other absences from work. Request for leave forms will be signed by the employee supervisor and turned in with time sheets.

A time study signed by the employee will be turned in with time sheets for employees paid from more than one project/dept.

4. If an employee has traveled during the pay period a copy of the approved travel authorization will be attached to the time sheet.
5. If an employee failed to clock in or out a copy of an approved missed punch form must be attached to the time sheet.
6. The time records will be reviewed by the Accounting Payroll Clerk and any time sheets that are missing appropriate signatures, documentation or have any other type of discrepancy will be returned to Human Resources. When time data is transferred from Human Resources to the Payroll Clerk via Microix software all paper documentation must match the electronic records.
If the paper documentation does not match or is unavailable that individuals time records must be removed from that Microix transmission, and be resubmitted at a later time with the appropriate paper documentation.
7. Payroll software records will be updated as necessary for status changes, garnishments and other items that effect payroll.

8. Individual wages will be charged to the correct funding source.
9. The Accounting Payroll Clerk will receive appropriately signed time sheets with all required attachments no later than noon on the Tuesday prior to the Friday pay date. Time records not received on time may be paid by paper check and paid after the regular pay date or both.
10. The Accounting Payroll Clerk will have the direct deposit file transmitted to the bank in time for the Friday payroll.
11. The Accounting Payroll Clerk will balance time sheets with payroll reports.
12. The Accounting Payroll Clerk will make sure proper authorization for deductions are on file.
13. Payroll checks will be signed by Tribal Chair and one other member of the Tribal Council.
14. Payroll reports will be printed and filed after processing a payroll.
15. Payroll tax deposits, fringe benefit payroll deductions and any other authorized deductions will be paid to the appropriate agencies in a timely manner.

A change action must be completed and a copy turned in to the Accounting Director with appropriate approvals whenever there is a change in an employee's employment status. Changes in employment status include raises, termination, suspension, benefits and changes in fund(s) being charged.

A copy of Change action notices will be given to the Accounting Director by the due date for timesheets for a pay period in which the change becomes effective.

A new W-4 must be filled out for any change in an employee's tax status, name change or address change. A copy of the W-4 will be given to the Accounting Director by the due date for timesheets for a pay period in which the change becomes effective.

Human Resources tracks all leave time and confirms totals with the Accounting Payroll Clerk.

Refer to MIP Payroll Processing Procedures and the Payroll Clerk Desk Manual for further details.

Q. Journal Entries

Journal Entries are made to accounts to record information not posted to the general ledger through the payroll, accounts receivable or accounts payable systems.

The following steps will be followed when recording a journal entry to the general ledger:

1. A journal entry form will be used for entry of a journal entry into the general ledger.
2. Journal entries will be signed and dated by the individual making the entry.
3. All necessary documentation will be attached. Where no documentation exists, an appropriate and detailed reference will suffice.
4. After a journal entry is entered into the system, an unposted report will be printed and reviewed for accuracy.
5. The unposted report will then be reviewed by the accounting director to verify that it is correct and approve. After approval, the journal entry will be posted to the General Ledger.
6. Journal entries reflecting project (grant) funds to be drawn and drawn funds are provided to the accounting department by the Finance Director for entry into the general ledger to record receipts to proper accounts, thereby reflecting receivables balances still due from grantor agencies.
7. Instructions for recording manual journal entries are contained in MIP General Ledger User's Guide.

R. General Ledger

Information from payroll, cash receipts, cash disbursements, as well as journal entry information will be recorded and posted to the general ledger. The general ledger reflects account balances and the results of activities for a given fiscal period by project.

S. Year End Accruals

At the end of each fiscal year it is important to make sure that revenue and expenses are recorded into the correct year.

Invoices for items received or services rendered in the prior fiscal year will be expensed in that year, but paid for in the current fiscal year. So that financial statements reflect the expense correctly.

Payroll shall be prorated so that payroll expenses are charged to the year in which the employee actually worked.

T. Fixed Assets

Disposals of fixed assets valued at more than \$5,000 require approval from the funding agency that paid for the asset.

A record shall be maintained for each fixed asset costing \$5,000 or more and for all computer equipment and vehicles. This record shall include the following:

1. Copy of the original purchasing document.
2. Description of the property.
3. Date of acquisition.
4. Location of the property.
5. Serial Number, Vehicle Identification Number, or other identifying number, if applicable.
6. Acquisition cost or assigned value.
7. General condition of the property.

The total amount on this record shall agree with the amount shown in the Fixed Assets Account.

A physical inventory shall be taken and reconciled with the subsidiary ledger at least once a year. The Finance Director will be responsible for maintaining the fixed assets list. They will record acquisitions, disposals and transfers. The Finance Director will also be responsible for preparing fixed assets financial reports such as:

1. Schedule of General Fixed Assets.
2. Schedule of changes in General Fixed Assets.
3. Proprietary fund schedules of property and equipment.

U. Indirect Cost Proposal

An Indirect Cost Proposal will be prepared and submitted to the Department of the Interior on an annual basis. The Indirect Cost Proposal will be prepared in accordance with federal guidelines including OMB Circular A-87.

the Tribal Chair will approve the submission of the Indirect Cost Proposal before it is mailed. The Chair will also approve the final negotiated rate before it is signed for acceptance.

V. Matching (Non Cash)

In cases where matching funds are required it is the responsibility of the project director/coordinator to insure that adequate matching funds can be secured. It is also the project director/coordinators responsibility to make sure that the matching funds meet the guidelines called for in the award documents.

W. Matching (Cash)

In cases where a cash match is required by a project all federal guidelines will be followed specifically those of the awarding agency. Cash match will be tracked by and entered into the General Ledger through a journal entry initiated by the Finance Director.

X. Eligibility

Many of the Kaw Nations programs and grants require that individuals who receive goods or services meet certain eligibility requirements. It is the responsibility of the individual project directors to document eligibility before providing services. Although the Director of Administrative Services and Compliance will monitor compliance, it is not the responsibility of the Accounting Department or the Finance Director to determine eligibility.

Y. Financial Software

It is important that the Kaw Nation use financial software designed for use by governmental/nonprofit organizations.

The Kaw Tribe uses Sage MIP Fund Accounting Software for its Accounting System. A separate cash account and financials is maintained for each project and can be addressed via an acronym usually based on the first letter of the first three words/or most pertinent words in the project title plus the year the project ends. *Example: Water Quality Monitoring grant with a project end date of 2014 would be WQM 14.*

Before any entries can be made to the Accounting System for a new project or Department:

The project must be built in the system. The project budget justification or detail is used to build the project chart of accounts using General Ledger account numbers from the Master Chart of Accounts and report controls are copied from a similar project.

These procedures are discussed in the Sage MIP General Ledger User's Guide.

Once the accounts are established the Finance Director will cause journal entries to be made to the balance sheet accounts for project funding. In addition, the Budget will be entered by the Finance/Budget Director.

Security of written and electronic fiscal records will be maintained by the fiscal staff and the Information Technology Director.

Z. Cash Management/Draw Downs

The Kaw Nation recognizes the importance of cash management to insure sufficient funds are available to pay operating expenses. The Finance Director is responsible for monitoring the daily cash flow and balances of all Tribal and project cash funds, including investments, to provide adequate cash management through funding agency draw downs, transfers, etc..