

Accounting Guide

INTRODUCTION

This guide has been prepared through the Governor's Office of Elderly Affairs, State of Louisiana. The purpose of this publication is to inform, instruct and to set guidelines for the maintenance of accounting records for Contractors receiving funds from the Governor's Office of Elderly Affairs.

The procedures included within this guide are intended to be the minimum requirements. Any document or accounting procedure of a lesser nature will require a comment from the auditor in the management letter.

It is our intent that this will not be a static publication. The guide will be amended and updated from time to time as deemed necessary by the Governor's Office of Elderly Affairs. Users of this guide are invited to submit comments and suggestions concerning the material contained herein. Any communications of this nature should be sent to the Governor's Office of Elderly Affairs, Attn: Accounting and Finance Unit Manager, Post Office Box 61, Baton Rouge, LA 70821.

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SUBSECTION I - ACCOUNTING PRINCIPLES, PROCEDURES, AND RECORDS

PREFACE

A good accounting system is an accurate sign of excellent management. An accounting system should make it possible to maintain adequate documentation of all program activities while providing management with timely and meaningful information upon which daily decisions must be made. It is with these goals in mind that these accounting principles and procedures are developed.

CHAPTER 1: ACCOUNTING PRINCIPLES AND PROCEDURES

1. Double-Entry Bookkeeping

All Contractors should maintain their records according to a double-entry system. As the name implies, the entry made for each transaction is composed of two parts: debits and credits. For each transaction, the total debits must equal the total credits.

The double-entry system provides built-in controls to assure that the activities of the Contractors will be recorded properly and completely. This system provides that all activities of the Contractor will be presented and accumulated in one set of books. Throughout this guide the use of one general ledger for all Contractor records will be recommended.

2. Basis of Accounting

The accrual basis of accounting should be used. According to this basis, revenues are recognized when realized and expenses are recognized when incurred. The focus of this basis is to properly match revenues with expenditures.

As a practical matter accrual data may not be efficiently recorded on a regular basis. During the year revenues may be recognized as received and expenses may be recognized as paid. However, the year-end statement should reflect the accrual basis recording both receivables and liabilities.

3. Charts of Accounts

A uniform chart of accounts should be maintained and followed. There exist several benefits to be realized from the use of a uniform chart of accounts. These benefits include:

- (1) Simplification in maintaining the accounting records.
- (2) A system of standard codes to be used for similar expenses among the various programs.
- (3) Assurance that revenues and expenditures are recorded in an efficient and timely manner.

A sample uniform chart of accounts is included in Subsection III of this guide. This sample chart of accounts as presented will be referred to throughout this guide.

4. Cash Accounts

The number of cash accounts utilized should be maintained at a minimum. We recommend that in most cases two checking accounts would be sufficient. These checking accounts would be an operating account and a payroll account.

All checks should require two signatures; one board officer and one member of the Contractor's executive staff. The bookkeeper or person preparing the checks shall not be authorized to sign the checks. Also, all checks should be stale-dated. Accordingly, all instructions would be clearly printed on the check stating that the "check is not valid after 90 days."

The operating account should use a standard three-part check system. Refer to Subsection III Chapter 3 Annotated Chart of Accounts for a description of this account. The operating account should be used basically to record receipts or transfers and to disburse all expenditures.

The payroll account should be operated on an imprest basis. This process would require that all payroll accounts would be periodically (normally after each payroll period) reimbursed for the net (or gross) amount of the payroll disbursed.

The use of a separate payroll account is recommended. A separate account will simplify the disbursing of payroll monies and help assure that all payroll is properly recorded. There are several one-write systems for payroll accounts which ease the preparations of the documentations of the payroll records.

All program revenues which require the maintenance of separate accounts should be kept separate through the use of savings accounts or bank "now" accounts. These funds can be transferred into the operating account after the end of each month on a cost reimbursement basis.

Petty cash funds will be unique to each Contractor. As such, the determination as to the number of petty cash funds to be utilized will be left to the discretion of each Contractor and their board. When petty cash funds are used, an imprest basis should be utilized as described in the payroll cash account previously discussed.

5. Fixed Assets

All fixed assets should be accounted for at cost or at estimated cost if the original cost is not available. Donated fixed assets should be recorded at their estimated fair value at the time received.

Included in fixed assets should be all long-lived physical properties acquired for use in the operations. It is recommended that fixed assets, for the purpose of all Contractors be defined as all capital expenditures with a unit cost of \$1000.00 or more and a useful life of more than one year.

6. Budgets

Budgeting is one of the most important concerns to Contractors. It is through this process that the Contractors obtain a majority of funds. Once the budgets are prepared they should be closely followed and monitored.

Monitoring of the budget consists of comparing the actual performance of the program to the budget as adopted or reviewed. This step is of primary concern to this guide and as such will be stressed. The monthly reports recommended herein are provided to accomplish the task of timely monitoring of the budget.

7. Board Minutes

The Minutes of the Board of Directors meetings are an important source of documentation for the Contractors. It is the Board's responsibility to assure the proper administration and operation of the Contractor. To accomplish this, the Board should meet at least quarterly.

The following is a list of items that should be documented in the Minutes:

- a. Approval of authorized check signature.
- b. Approval of the budget.
- c. Approval of any budget amendments.
- d. Authorization of promotions and salary increases.
- e. Authorization of contracts.
- f. Authorizations of all positions and pay ranges.
- g. Approval in advance of any out of state travel expenditures.
- h. Approval in advance of any non-routine travel of the Agency Director.
- i. Authorization to advertise in order to comply with the state bid law. (The statute for the Bid Law is R.S. 38:2212.1)

8. Personal Records and Policies

Federal, state and local laws require that numerous records be kept on employees. In addition to these requirements, personnel records serve as important documentation for the operation of the Contractor. These records are confidential and should be maintained in locked file with limited access.

It is recommended that Board Policy includes that Board approval is necessary for any organizational charts, job descriptions, pay adjustments, and a formal grievance policy for employees. It is recommended that a special list of employee name/ salary/title be approved separately rather than as an integral part of the budget.

A separate file should be maintained for each employee of the Contractor. The information stored in each file should include: W-4, L-4, payroll information, health records, job specification, job description, terminations, disciplinary information, information related to promotions, job application/resume, and an

annual evaluation of all employees (including director's annual evaluation by the Board).

I-9 forms (for employees hired after November 6, 1986) should be kept in a separate file.

An important part of any personnel system is a written section of personnel policies and procedures. Written documentation should be maintained by each Contractor setting forth the major policies of the organization. Such a policy guide should cover the following important topics: absences, hours and overtime policy, vacation and holiday policies, expense reimbursement, compensation and advancement, code of conduct, violence in the workplace, nepotism, sexual harassment, drug free workplace, and any other fringe benefits.

9. State Bid Laws

Each Contractor should be aware of the State Bid Laws and their implications to the organization. These laws must be adhered to. (The statute for the Bid Law is R.S. 38:2212.1)

10. Inventory

Two methods may be used to ascertain the inventories on hand, the perpetual system and the periodic system. The perpetual system requires a continuous record of all receipts and withdrawals of inventory items. Through the use of perpetual system, inventory is maintained on a current basis. The perpetual system will reflect the actual inventory stock on hand at any time throughout the period. When a perpetual system is used, a physical count of the goods on hand must be made periodically to verify the perpetual system. The perpetual records should be adjusted to reflect the physical count.

The second method is the periodic system. This system relies solely on the periodic physical count of the goods on hand. The periodic system provides accurate information only at the time that the physical count is performed. This is in contrast to the perpetual system which provided relevant inventory information on a daily basis. If the periodic system is utilized, physical counts should be performed on a quarterly basis and must be performed at year end.

All physical inventory and records must be in compliance with GOEA Policy Manual Subchapter D §1199.

11. Year End

It is recommended all Contractors maintain their accounting records on a fiscal year ending June 30. This fiscal year will best coincide with the majority of the programs (funded by the Governor's Office of Elderly Affairs) operated by the Contractors.

If any program extends beyond the June 30 fiscal close, the operations of that program should be allowed to remain active. The program operations should be closed out only at the time the programs ends.

12. Tax Returns

It is the responsibility of each non –profit Contractor to file and obtain permission from the Internal Revenue Service to operate as a non-profit organization. The form to file to obtain non-profit status is form 1023 entitled “Application for Recognition of Exemption.” The exemption should e claimed under Section 501 (c) (3) of the Internal Revenue Code.

The non-profit Contractor must also file form 990 “Return of Organization Exempt from Federal Income Tax (Except Private Foundation).” The 990 form should be filed yearly and the filing should coincide with the fiscal year end.

13. Annual Report with the Secretary of State

In accordance with R.S. §12:262.1F.(2), “each corporation, domestic and foreign, which is not in good standing is prohibited from engaging in commercial business operations with the state or its boards, agencies, departments, or commissions. Any contract between a corporation, which is not in good standing, and the state or its boards, agencies, departments, or commissions is subject to be declared null and void, by said board, agency, department, or commission or by the division of administration.”

Failure to comply with this reporting requirement will result in contract funds being withheld.

CHAPTER 2: ACCOUNTING RECORDS

Accounting journals are often referred to as books of original entry. This term is also appropriate because transactions are first recorded in this journal. As previously mentioned, the double entry bookkeeping system should be utilized. Accordingly, the accounting journals must contain both the debit and credit entry for each transaction. At the end of each month, the journals are totaled and summarized. The summaries are then posted to the appropriate accounts in the general ledger.

This subsection will briefly review the structure and maintenance of the general ledger and the accounting journals. The following accounting journals should be maintained: cash receipts, cash disbursements, and payroll. An example of a cash receipt, cash disbursements, and payroll journal are included in Chapter 3 of this subsection.

1. Cash Receipts Journal

The cash receipts journal is the book of original entry in which the receipt of cash is recorded. Cash receipts will usually be in the form of Office of Elderly Affairs monies, local contributions, Title "XX" reimbursements, meal site contributions, and other cash receipts. Each receipt of cash should be recorded by debiting the cash account and by crediting the appropriate revenue account. A copy of all remittances or other documentation supporting the receipt should be attached to a copy of the deposit slip and filed in a separate folder for each month.

2. Cash Disbursements Journal

Any purchase of goods or service must have prior approval of the Board Chairman/President or his/her designee. GOEA recommends the use of a purchase authorization form. Refer to the example Purchase Authorization form in Subsection 2 (Form 20). The purchase authorization should provide sufficient space to facilitate the coding and allocation of disbursements. This process should be performed by the program Director or the Bookkeeper. This involves the coding of the disbursement to the corresponding account codes as described in the chart of accounts.

All disbursement of funds should be made by check. The cash disbursements journal is the book of original entry in which the checks are recorded. This recordation should be recorded in chronological order. Each disbursement should be recorded by crediting the cash account and by debiting the appropriate general ledger account. The debit will in most cases be to an expense account, but there may be instances where the debit will be posted to an asset or liability account in the general ledger.

The cash disbursements system should utilize a three part check. As such, there will be three copies of each check in order to provide proper documentation. The original copy of the check will be mailed to the vendor or payee of the check. The second copy should be filed in numerical order in a separate file. This

numerical file is an important internal accounting control of the disbursement system. This file assures all checks are accounted for and controlled. All voided checks should be filed in this numerical file after the check has been properly voided and defaced.

The third copy of the check should be attached to the supporting documentation. This documentation will usually be a vendor invoice and purchase authorization. The invoice or other supporting document should be approved (notation on the document) by the program director or executive director before the check can be written. This procedure assures that all purchases are properly approved by the responsible contractor staff member. The approved document or bill is now authorized for payment and should be forwarded to the Bookkeeper.

Upon receiving the document, the Bookkeeper should review it to determine the document has been properly approved. At the time the Bookkeeper writes the check, the document should be stamped as paid. Any office supply center can provide such a stamp. This approved, stamped document should be attached to the third copy of the check filed alphabetically according to vendor. Several file folders should be utilized to store these records. These are the paid bills files.

It is important a running balance be maintained on each cash account. This is necessary to provide proper cash management control.

3. Payroll Journal

The payroll journal is the book of original entry where the salaries and related withholding are recorded. It is recommended either a commercially packaged one-write system or an outside computer service be utilized.

The one-write system and the computer service system have many benefits and as such one should be utilized by every Contractor. Both systems process the checks, payroll journal and employee earnings card simultaneously. Such a process should save time in the preparation of payroll disbursements.

The source documents for the payroll journal will be the time sheets. Timesheets should be required for all personnel. A sample time sheet form is included in the Recommended Forms Section (Form 12).

4. General Ledger

The general ledger is where all financial transactions are summarized. The source for the postings to the general ledger should be limited to the aforementioned accounting journals and the journal entries. Posting to the general ledger should be performed on a monthly basis.

After posting the general ledger for all financial transactions of the month, an adding machine tape should be run for the balances in the general ledger. The

sum of these debits and credits must be zero. Any resulting balance is an error and must be corrected.

CHAPTER 3: EXAMPLE OF JOURNAL FORMS

SUBSECTION II: RECOMMENDED FORMS

CHAPTER 1: DESCRIPTION OF FORMS

The following list of forms is recommended and is not intended to be an exclusive list. These are the basic forms that are needed to implement the proposed system and provide adequate accounting documentation. A sample of each form is included in Chapter 2 of this subsection.

List of Forms:

1. Cash Summary
2. Deposit Detail
3. Journal Entry
4. Savings Worksheet
5. Property Record
- 5A. Inventory Schedule
6. Request for Disposition Instructions
7. Inventory Detailed Schedule
8. In-Kind Contribution Recap
9. Travel Authorization
10. Travel Expense Account
11. Time Sheet
12. Application for Leave
13. Request for Overtime/Compensatory Time
14. Overtime/Compensatory Time Earnings Record
15. Leave Record
16. Petty Cash Voucher
17. Bank Reconciliation
18. Request to Carryover Participant Contributions
19. Purchase Authorization

1. Cash Summary

This form should be an unnumbered letter size single sheet. It should be prepared by anyone who receives cash. This form should be forwarded to the Bookkeeper upon completion. The Bookkeeper will use the form to reconcile the deposits.

2. Deposit Detail

This should be an unnumbered letter size single sheet. This will be prepared for every deposit made. The purpose of this is to provide proper documentation for all deposits. The Director or Assistant Director should approve all deposit detail forms.

3. Journal Entry

Each journal entry should be made on a form. All journal entries should be prepared by the Bookkeeper or outside consultant and approved by the Executive Director. Each journal entry should have a worksheet attached or some form of back up to justify the adjustment, including those made by outside consultants. All journal entries must contain adequate explanation on the face of the form in the space provided.

All journals must be numbered in some type of sequential order. It is recommended a minimum a two part number to be utilized. According to this system, the first two numbers would represent the month the entry is to be posted in, and the second two numbers would signify the journal entry sequence number of that month. For example, the journal entry code of 1012 would signify the twelfth entry made in October. All journal entries should be filed by month in the file folders.

4. Saving Worksheet

This is a letter size single sheet form. This form is used to record fund deposited in a savings account. The form should be updated as transactions occur. As a minimum, this worksheet should be summarized and posted to the general ledger on a quarterly basis. If necessary, the summarization and posting can be performed on a monthly basis. The posting should be performed by way of a journal entry.

5. Property Record

This form is a letter size single sheet. This form should be prepared by the Bookkeeper for every fixed asset acquired. If at any time, the asset is transferred from one program to another the form should be updated.

A property record form should be maintained for each fixed asset reflecting the appropriate detail identifying characteristics. This would include the serial and model number and the source of the funds through which the asset was acquired.

Each asset should be identified by an "item number." This means each asset should be assigned a sequential number and that number should be permanently affixed to the asset. A log should be maintained of property items and their assigned item numbers (see Form 8).

5a. Inventory Schedule

This is a letter size form and should be prepared by the Bookkeeper/Accountant. This form is used to give a breakdown of inventory control totals and the funds used to purchase the inventory. The total inventory must agree with the itemized Inventory Listing, the Comparative Schedule of General Fixed Assets, and

Changes in General Fixed Assets in the Independent CPA Audit Report for the fiscal year ended.

6. Request for Disposition Instructions

This is a letter size form and should be prepared whenever the contractor request to dispose equipment or real property with a unit acquisition cost equal to or greater than \$5,000.00, and purchased partially or entirely with GOEA funds.

7. Inventory Detailed Schedule

This form provides a detailed description of the inventory and its location. It should be updated when the property is moved to a new location, replaced, transferred, or disposed of. The individual in charge of managing property should fill out this form.

8. In-Kind Contribution Recap

This is a letter size form and is to be prepared by the program director or his designate for every instance of an in-kind contribution. These contributions could be in the form of services.

The Contractor should maintain a record of all in-kind contributions received during the fiscal period so the total benefit of such goods and services can be properly illustrated. Goods are generally valued at estimated fair market value at the time received. Volunteer's services are valued according to "standard" rates per hour as provided by the U.S. Department of Labor Bureau of Labor Statistics.

The completed form should be forwarded to the bookkeeper for filing. The Bookkeeper should total in-kind contributions received on a monthly basis. Formal entry into the general ledger is not necessary at the time.

9. Travel Authorization

Although only required for non-routine travel, it is recommended a Travel Authorization form be prepared by any individual requesting permission to travel on behalf of the Contractor. This form must be approved by the Executive Director prior to local, in-state and out-of-state travel. It is important to note all out-of -state travel should be documented in the minutes of the board of Director's meeting. In the case of the Executive Director, approval must be authorized by the designated Board Member. The form should then be submitted to the Bookkeeper to be used as supporting documentation for reimbursement of travel expenses.

Routine Travel: Although no longer required by PPM 49, it is recommended a blanket Travel Authorization form be prepared for all routine travel (such as Homemaker, Home-Delivered Meals drivers, Volunteers, etc.) at the beginning of the fiscal year and approved by the Director. Allowable cost chargeable to

GOEA programs may not exceed the rates listed in the State Travel Regulations, PPM 49.

Non-Routine Travel: A Travel Authorization form must be prepared prior to each trip and approved by the Director. Non- Routine Travel includes: conferences, workshops, trainings, etc.

10. Travel Expense Account

The Travel Expense Account form should be prepared by any individual receiving per diem or reimbursement for travel performed on behalf of the Contractor. The odometer reading for any reimbursement of auto mileage requested must be shown on the form. Receipts must be attached for lodging. Receipts for meals, parking, taxi, shuttle and other expense incidental to travel that exceeds PPM 49 limits.

Upon proper approval, the form should then be presented to the Bookkeeper in order that he/she may make the necessary disbursement of funds.

11. Timesheet

This form is required as a minimum, for all employees of the Contractor. All time worked should be adequately documented and approved by the appropriate supervisor. In the case of the Director, a designated Board Member should approve the time sheet. No further documentation is required for employees who work in a single indirect cost activity.

2 CFR §225 requires that employees who work solely on an a single Federal Award or cost objective must certify at least semi-annually they worked solely on that program for the period covered by the certification. Employees who work on multiple activities or cost objectives must certify at least monthly the amount of time worked in each activity.

All timesheets must be completed in ink by the employee. No white out is allowed. All corrections must be crossed out and initialed by the employee. An example of the timesheet is provided in Chapter 2 of Subsection II.

The preparation of timesheets should be completed according to the payroll period. It is recommended all employees be paid semi-monthly. Accordingly, all employees would submit their time sheet on a semi monthly basis. This process would minimize the accounting work in the payroll function.

There must be 2 to 5 days (business days) delay for payment of salaries. For example, employees working through September 15 would receive their check on or after September 18. This would provide sufficient time to process the payroll checks. Checks should not be written or payroll computed prior to the receipt of completed time sheets.

12. Application for Leave

This form should be prepared by all employees requesting leave and should be approved by the supervisor. In the case of the Director, approval should be signed by a designated Board Member.

All leave slips must be completed in ink by the employee. No white out is allowed. All corrections must be crossed out and initialed by the employee.

13. Request for Overtime/Compensatory Time

This form should be prepared by all employees prior to working overtime or compensatory time should be approved by the supervisor. In the case of the Director, approval should be signed by a designated Board Member.

14. Overtime/Compensatory Time Earnings Record

This form should be prepared by all employees at the completion of working overtime/compensatory time and should be approved by the supervisor. In the case of the Director, approval should be signed by a designated Board Member. The date, time, and number of hours worked should be reflected on this form.

The Overtime/Compensatory Time Earnings Record must be completed in ink by the employee. No white out is allowed. All corrections must be crossed out and initialed by the employee.

15. Leave Record

This form should be prepared for all employees who are eligible to earn leave/compensatory time. The Leave Record should include the balance brought forward from prior fiscal year/calendar year, hours earned, hours used, and a running balance. These records should be updated at the end of the each pay period.

16. Petty Cash Voucher

This form is recommended as a means of reimbursing the petty cash fund. When the petty cash fund runs low on cash, this voucher should be submitted to the Bookkeeper, supported by the documentation of prior expenditures, as a request for additional funds. The checks to reimburse petty cash should be written out of the operating account and should be made payable to "petty cash" and properly coded to reflect expenses incurred.

17. Bank Reconciliation

This form is necessary in order to reconcile the differences between the amounts of cash as reported on the bank statement to that reflected on the Contractor's

books. The “Adjusted Bank Balance per Statement should equal to the “General Ledger Account Balance” after all adjustments are made.

All reconciling items should be recorded in the general ledger by way of journal entry. A place is allowed for the for the journal entry reference number.

The bank reconciliation must be prepared and approved by two separate individuals. The individual approving the reconciliation is certifying that the bank reconciliation was completed.

18. Request to Carryover Participant Contributions

This form must be prepared and submitted to GOEA whenever the contractor wished to carryover June’s participant contributions to the next fiscal year. Multi-parish AAA must obtain a request from all their councils and submit a request to GOEA for the councils. Participant contributions income carried over to the next fiscal year must be spent first.

19. Purchase Authorization

All requests for purchases must be initiated by completing a Purchase Authorization form. The level of approval required on this form is dictated by the Agency’s Purchasing Policy as approved by the Board. At a minimum, this form must be approved by the supervisor and then forwarded to the Executive Director for approval. A copy of the approved Purchase Authorization should be given to the purchasing agent and the original should be forwarded to the bookkeeper. The bookkeeper will attach this form to the invoice/voucher when presented for payment. Payment of invoices/vouchers should not be made without prior approval.

CHAPTER 2: EXAMPLES OF FORMS

SUBSECTION III: CHART OF ACCOUNTS

PREFACE

As mentioned in Subsection 1, a uniform chart of accounts should be maintained and followed for all Contractors. This section is segregated into the following areas: departments, chart of accounts, and annotated chart of accounts.

These areas and their respective assignment of accounting numbers is a recommendation only and as such is intended to be met in some form. The enclosed chart of accounts should provide useful information in the operations of the Contractor. Such a detailed chart of accounts would facilitate the preparation and monitoring of budgets and provide useful information necessary in making decisions in the daily operations of the contractor.

However, the minimum requirements for the expense classifications are the seven major expense categories as detailed in the program budgets. These categories include: personnel, fringe, travel, operating services, operating supplies, other costs, and capital outlay. Any deviation from the minimum is subject to review and approval or disapproval of the Governor's Office of Elderly Affairs.

CHAPTER 1: DEPARTMENTS

Each operating segment shall be setup as a separate department for accumulating costs and reporting. A department can represent a service, a group of services, indirect costs, or administration. By combining the department number with an expense account number (see Chapter 2), financial data can be gathered and sorted as needed by management. An example of such coding would be 200-5100. The 200 denotes Title IIIB Administration; the 5100 denotes salary expense. In accordance with the area agency's written cost allocation plan, all costs must be allocated and charged to these departments.

Departments for indirect costs are established for Title IIIB Supportive Services, Title IIIC-1 Congregate Meals, Title IIIC-2 Home Delivered Meals, Title IIID Preventive Health, Title IIIE National Family Caregiver Support Program, Ombudsman, and Senior Center. The purpose of these departments is to eliminate the allocation of costs to particular services (or groups of services) within these programs for every transaction.

Indirect costs are costs incurred which are not directly related to providing a particular service. Since it is difficult and cost inefficient to distribute these joint costs to each service, indirect costs are charged to the indirect cost department in each program. Examples of indirect costs are: administrative salaries, fringe and travel, administrative building rent, insurance and utilities, audit, accounting and computer services, administrative office equipment, duplicating and printing, telephone, office supplies.

To summarize, indirect costs procedures, the agency must allocate indirect costs to the programs according to the cost allocation plan. Then the agency must decide between two alternatives:

1. Charge indirect costs to indirect departments for the major programs (#210, 310, 410, 510, 610, 810, 910 – seven departments), or
2. Allocate and charge indirect costs to services within each program (#221 – 279, 320 – 350, 420 – 450, 551 – 556, 621 – 623, 820, 920, etc.)

Use of the indirect cost departments is recommended since this procedure is both practical and efficient.

The departments for accumulating costs and reporting are listed below:

100	General Funds
150	Act 735 (PCOA) – State Funds
160	Supplemental Senior Center Funds
190	Area Agency Administration
200's	Title IIIB Supportive Services
210	Indirect Costs – Supportive Services
220	Access Services
221	Outreach

222 Information and Assistance
 223 Case Management
 224 Transportation
 225 Assisted Transportation
 230 Services in the Community
 231 Nutrition Education
 250 In-Home Services
 251 Personal Care
 252 Homemaker
 253 Chore
 254 Visiting
 255 Telephoning
 256 Home Repairs/Modification
 257 Sitter Service
 260 Legal Assistance
 261 Legal
 270 Other Services
 271 Adult Day Care/Health
 272 Medical Alert
 273 Wellness
 274 Crime Prevention Services
 275 Recreation
 276 Counseling
 277 Placement Services
 278 Utility Assistance
 279 Material Aid
 280 Public Education

300's Title IIIC-1 Congregate Meals
 310 Indirect Costs – Congregate Meals
 330 Meals - Congregate
 340 Nutrition Education
 350 Nutrition Counseling

400's Title IIIC-2 Home-Delivered Meals
 410 Indirect Costs – Home-Delivered Meals
 430 Meals – Home-Delivered
 440 Nutrition Education
 450 Nutrition Counseling

500's Title IIIE National Family Caregiver
 510 Indirect Costs – In-Home Services
 550 Services
 551 Personal Care
 552 Material Aid
 553 Chore
 554 Sitter Service
 556 Adult Day Care/Health

557 Public Education
558 Information and Assistance
559 Outreach
560 Case Management
561 Individual Counseling
562 Support Groups
563 Group Respite
564 Individual Care Support
565 In Home Respite
566 Institutional Respite
567 Home Delivered Meals
568 Home Repair Modification

600's Title III D Preventive Health
610 Indirect Costs – Preventive Health
620 Services
621 Information and Assistance
622 Nutrition Education
623 Nutrition Counseling
624 Wellness

700's Title V Community Service Employment for Older Americans
710 Administration
720 Enrollee Wages and Fringe
730 Other Enrolled Costs

800's Senior Center
810 Indirect Costs – Senior Center
820 Senior Center Operational Costs

900's Ombudsman
910 Indirect Costs - Ombudsman
920 Ombudsman

CHAPTER 2: CHART OF ACCOUNTS

The following is a basic chart of accounts for the agency. No chart of accounts is static; as the system operates, the controller will add and delete (inactivate) accounts as needed. The ledger should be ordered in the same manner; Assets, Liabilities, Fund Balance, Revenues, and Expenditures. Use of this chart of accounts facilitates the compilation of monthly financial reports.

Assets

- 1001 Petty Cash
- 1100 Operating Account
- 1120 Payroll Account
- 1145 Savings – Designated Funds
- 1175 Certificates of Deposit
- 1200 Accounts Receivable
- 1400 Travel Advances

Liabilities

- 2001 Accounts Payable
- 2010 FICA Tax Payable
- 2020 Medicare (FICA) Tax Payable
- 2030 Louisiana Withholding Tax Payable
- 2040 LUTA Tax Payable
- 2200 Note Payable – Police Jury (Parish Council)
- 2400 Income Collected in Advance

Fund Balance

- 3000 Fund Balance
- 3101 Reserved
- 3201 Reserved - Vehicle

Revenues

- 4110 Title IIIC1 Area Agency Administration
- 4120 Title IIIB Supportive Services
- 4130 Title IIIC1 Congregate Meals
- 4140 Title IIIC2 Home-Delivered Meals
- 4150 Senior Center
- 4160 Title IIID Preventive Health
- 4170 Title IIIE National Family Caregiver Support Program
- 4180 SeniorRx/ADRC
- 4220 Supportive Services Program Income
- 4230 Congregate Meals Participant Program Income
- 4240 Home-Delivered Meals Participant Contributions
- 4250 Senior Center Program Income
- 4260 National Family Caregiver Support Program Income
- 4270 Preventive Health Program Income
- 4300 Police Jury (Parish Council)
- 4330 Congregate Meals Other Program Income

4340 Home-Delivered Meals Other Program Income
4350 Local Assessment
4400 Supplemental Senior Center
4410 Act 735 (PCOA) – State Funds
4430 Congregate Meals/Sale of Meals
4432 Interest Income
4440 Home-Delivered Meals/Sale of Meals
4500 NSIP Nutrition Services Incentive Program
4600 Title V Community Service Employment for Older Americans
4700 Ombudsman
4710 Ombudsman Program Income
4900 Section 18

Expenses

Personnel 5100's

5100 Salaries - Regular
5110 Salaries - Overtime
5120 Salaries - Termination

Fringe 5200's

5210 FICA Expense
5211 Medicare (FICA) Expense
5220 LUTA Expense
5230 Group Insurance (Hospitalization) Expense
5240 Other Related Benefits

Travel 5300's

5310 In-State Travel - Staff
5312 In-State Travel – Training, Conferences & Conventions
5314 In-State Travel – Board Members
5320 Travel – Out of State

Operating Services 5400's

5401 Accounting Service
5403 Advertising
5406 Audit
5410 Computer Service
5420 Dues & Subscriptions
5425 Duplicating & Printing
5430 Insurance - Automotive
5432 Insurance – Worker's Compensation
5434 Insurance – Fidelity Bonding, Comprehensive General Liability & Property
5436 Insurance - Other
5440 Legal Service
5445 License/Fees
5450 Maintenance - Automotive
5451 Maintenance - Building
5452 Maintenance - Equipment

5453 Maintenance – Janitorial/Custodial
5454 Maintenance – Data Processing Equipment & Software
5457 Miscellaneous
5460 Postage
5470 Repairs
5472 Rentals - Buildings
5457 Rentals - Equipment
5459 Rentals - Other
5480 Security
5490 Telephone
5493 Utilities

Operating Supplies 5500's

5510 Office Supplies
5515 Automotive Supplies
5520 Kitchen Supplies
5525 Other Supplies
5530 Raw Food
5535 Non-Edibles

Other Costs 5600's

5610 Consultants
5630 Contracted – Raw Food
5635 Contracted – Labor/Non-Edibles
5640 Medical Examinations
5645 Training
5650 Tools
5655 Monitoring Fees
5660 Transportation

Capital Outlay 5700's

5710 Equipment
5720 Renovations
5730 Land
5740 Buildings
5750 Automotive

CHAPTER 3: ANNOTATED CHART OF ACCOUNTS

ASSETS

1001 Petty Cash

If approved by the board, a petty cash fund can be established by writing an operating account check to “Petty Cash” for the amount decided by the Area Agency. When cash runs low, a petty cash voucher must be prepared and attached with supporting documentation. Once the voucher is approved for payment, an operating account check is written to “Petty Cash” for the amount necessary to replenish petty cash to its original funding. At this time, expenditures must be recorded according to the petty cash voucher.

1100 Operating Account

This is the main checking account. All checks should be typed and require two signatures (one board officer and one member of the Contractor’s Executive staff). All checks should be pre-numbered and stale-dated.

1120 Payroll Account

This account is for the disbursement of payroll and is operated on an imprest basis. All checks should require two signatures (one board officer and one member of the Contractor’s Executive staff).

1145 Savings – Designated Funds

General savings account containing such funds as the board decides.

1175 Certificates of Deposit

This account is for any certificates of deposit should the board elect to buy any.

1200 Accounts Receivable

This account should record all monies due to the contractor from private persons, organizations, or funding agencies.

1400 Travel Advances

This account is used when funds are advanced before a travel voucher is prepared. When a travel voucher is submitted, this account is reduced and the actual expense debited.

LIABILITIES

2001 Accounts Payable

This account should show all general debts of the Contractor in accordance with the accrual method of accounting. For practical purposes, accruing ordinary invoices on a monthly basis may be a burden and not necessary to operations. At the end of the fiscal year, all accounts payable should be recorded in order to fairly present the financial position of the Contractor.

2010 FICA Tax Payable

This account should be credited for any FICA withheld from employees and debited as payments are made to depository.

2011 Medicare (FICA) Tax Payable

This account should be credited for any Medicare FICA withheld from employees and debited as payments are made to depository.

2020 Federal Withholding Tax Payable

This account should be credited for any Federal income tax withheld from employees and debited as payments are made to depository.

2030 Louisiana Withholding Tax Payable

This account should be credited for any Louisiana income tax withheld from employees and debited as payments are made to the Louisiana Department of Revenue and Taxation.

2040 Louisiana Unemployment Tax Payable

This account is used for accrual at the end of the fiscal year, or as deemed necessary by the Contractor.

2200 Note Payable – Police Jury (Parish Council)

This account shows cash advance, if any, from the Police Jury or Parish Council for operations.

2400 Income Collected in Advance

This account is used at the end of the fiscal year to show funds advanced to the Contractor but not yet earned.

FUND BALANCE

3000 Fund Balance

This represents the portion of surplus that has not been reserved by the board for a specific function. This account will be adjusted at the end of the fiscal year to reflect the results of that year's operations.

3101 Reserved

This account represents a portion of the Contractor's fund balance that has been designated by the board as reserved for a specific purpose.

3201 Reserved - Vehicle

This account represents a portion of the Contractor's fund balance that has been designated by the board as reserved for the purchase of a new vehicle.

REVENUES

4110 - 4182 Title III Senior Center Appropriations, and SeniorRx

Separate accounts must be maintained for Administration, Supportive Services, Congregate Meals, Home-Delivered Meals, Nation Family Caregiver Program Services, Preventive Health, Senior Center, and SeniorRx/ADRC funds received from the Office of Elderly Affairs. Each Title III account will contain federal and state funds.

4220 - 4270 Title III Program Income

Separate accounts must be maintained for income generated by Supportive Services, Congregate Meals, Home-Delivered Meals, Senior Center, National Family Caregiver Services, and Preventive Health programs. Program income includes meal site contributions and/or donations from eligible participants.

4300 – 4350 Local Funds

These accounts are used to record receipts from the police jury, parish council, municipalities, or third parties on behalf of the Contractor. Included are payments of matching funds, monitoring fees, or local assessments.

4400 Supplemental Senior Center

This account is used to record the receipt of funds from the Office of Elderly Affairs to be used as supplemental funds to Title III congregate setting programs.

4410 Act 735 (PCOA) – State Funds

This account is used to record the receipt of funds from the State of Louisiana under Act 735.

4430 Congregate Meals/Sale of Meals to Ineligible

This account is used to record the receipts for the sale of meals in the congregate nutrition program to ineligible persons (including staff, volunteers and visitors).

4432 Interest Income

This account is used record interest earned on interest-bearing checking accounts or on investment of idle funds. It should be set-up by journal entry if not actually received by check.

4440 Home-Delivered Meals/Sale of Meals

This account is used to record the receipts for the sale of meals in the home-delivered nutrition program to ineligible persons.

4500 NSIP Nutrition Services Incentive Program

This account is used to record the receipts of NSIP cash earned in the nutrition programs. NSIP cash payments are based on the number of congregate and home-delivered meals served. Only one account is necessary since NSIP cash can be applied to raw food costs in either or both programs.

4600 Title V Community Service Employment for Older Americans

This account is used to record the receipt of funds under Title V of the Older Americans Act.

4700 Ombudsman

This account is used to record the receipt of Ombudsman funds from the Office of Elderly Affairs. This account will contain federal and state funds.

4710 Ombudsman Program Income

This account is used to record donations from eligible participants.

4900 Section 18

This account is used to record the receipt of transportation funds from the Department of Transportation and Development.

EXPENSES

5100 Salaries – Regular

This account includes regular wages paid to salaried and hourly employees.

5110 Salaries - Overtime

This account includes overtime wages paid to salaried and hourly employees.

5120 Salaries - Termination

This account includes termination pay to salaried and hourly employees.

5210 FICA Expense

This account is used to record the excess over FICA withheld from employees or the employer's portion of FICA expense.

5211 Medicare (FICA) Expense

This account is used to record any Medicare (FICA) expense.

5220 LUTA Expense

This account is used to record Louisiana unemployment tax paid during the year.

5230 Group Insurance (Hospitalization) Expense

The account is used to record premiums paid by the employer on behalf of the employees.

5240 Other Related Benefits

This account is used to record any expenses related to other benefits.

5310 In-State Travel - Staff

5312 In-State Travel – Training, Conferences & Conventions

5314 In-State Travel – Board Members

5320 Travel – Out of State

This account is used to record out-of-state travel reimbursement to staff, board members and volunteers.

5401 Accounting Service

5403 Advertising

5406 Audit

5410 Computer Service

5420 Dues & Subscriptions

5425 Duplicating & Printing

5430 Insurance - Automotive

5432 Insurance – Worker’s Compensation

5434 Insurance – Fidelity Bonding, Comprehensive General Liability & Property

5436 Insurance - Other

5440 Legal Service

5445 License/Fees

5450 Maintenance - Automotive

5451 Maintenance - Building

5452 Maintenance - Equipment

5453 Maintenance – Janitorial/Custodial

5454 Maintenance – Data Processing Equipment & Software

5457 Miscellaneous

This account should not be overworked. This account should include only very rare items of small dollar value. When an item is large and/or recurring, the Accountant/Bookkeeper should set up a new account.

5460 Postage

5470 Repairs

This account is used to record expenses for all repairs other than equipment repairs.

5472 Rentals - Buildings

5457 Rentals - Equipment

5459 Rentals - Other

5480 Security

5490 Telephone

5493 Utilities

5510 Office Supplies

5515 Automotive Supplies

This account is used to record expenses for vehicle supplies such as gasoline, oil, and tires.

5520 Kitchen Supplies

5525 Other Supplies

5530 Raw Food

This account is used to record raw food costs when the Area Agency purchases raw food to prepare meals in the nutrition programs.

5535 Non-Edibles

This account is used to record the purchase of non-edibles by the Area Agency for the nutrition programs.

5610 Consultants (subcontractors)

5630 Contracted – Raw Food

This account is used to record raw food costs when the Area Agency subcontracts for the nutrition programs. Caterer's invoices should indicate what portion of the total amount due represents raw food costs.

5635 Contracted – Labor/Non-Edibles

This account is used to record the costs of caterer labor and non-edibles when the Area Agency subcontracts for the nutrition programs. Caterer's invoices should indicate what portion of the total amount due represents the cost of labor and non-edibles.

5640 Medical Examinations

This account is used to record the cost of examinations required in some cases by federal programs.

5645 Training

This account is used to record the cost of in-house, as well as outside, training programs.

5650 Tools

This account is used for handyman operations.

5655 Monitoring Fees

This account is used to record charges by the State of Louisiana for certain grants under its authority.

5660 Transportation

This account is used to record the cost of transportation which is subcontracted.

5710 Equipment

This account is used to record the purchase of all types of equipment.

5720 Renovations

This account is used to record the cost of all major renovations.

5730 Land

This account is used to record the cost of land.

5740 Buildings

This account is used to record the cost of a building.

5750 Automotive

This account is used to record the cost of all vehicles.

SUBSECTION IV: SCHEDULE OF FUNDING

PREFACE

The Schedule of Funding contains the original Federal and State allotment (before transfers) for each contractor. A Schedule of Funding is sent to the contractor prior to preparing the contract. This allows the contractor to transfer a limited amount of funds between the allotments and to allocate state meals.

CHAPTER 1: TRANSFER OF FUNDS

I. SECTION ONE OF SCHEDULE OF FUNDING

- State Meals funds MUST be allocated to IIIC1 and/or IIIC2.
- State Home Delivered Meals funds MUST be allocated to IIIC2.
- State Homemaker and State Transportation funds MUST be allocated to IIIB.

II. SECTION TWO OF THE SCHEDULE OF FUNDING

A. Area Agency Administration:

The original funding is not to exceed 10% of the Title III programs before transfers. GOEA funds Area Agency Administration to the maximum allowed by the Older Americans Act. Therefore, no pass-through funds may be transferred into Area Agency Administration after GOEA has funded it. Reference OAA Section 304 (d)(1)(A).

Agencies may transfer out any funds not needed in the original funding of Area Agency Administration. The funds transferred out of Area Agency Administration can only be transferred to IIIB or IIIC. Reference OAA Section 303(c)(1); Section 308 (a)(1); Section 308 (c).

B. IIIB & IIIC:

An agency can transfer 30% of the funds in IIIB and IIIC between IIIB and IIIC. Reference OAA Section 308 (b)(5)(A).

C. IIIC1 or IIIC2:

An agency can transfer 40% of the funds in IIIC between IIIC1 and IIIC2. Reference OAA Section 308(b)(4)(A).

CHAPTER 2: EXAMPLES OF FORM

TITLE III SCHEDULE OF FUNDING FISCAL YEAR 20XX

CONTRACTOR:

AREA AGENCY ADMINISTRATION:		AUDIT:	
SUPPORTIVE SERVICES: IIIB		STATE MEALS:	
CONGREGATE MEALS: IIIC-1		STATE HOME-DELIVERED MEALS:	
HOME-DELIVERED MEALS: IIIC-2		STATE HOMEMAKER:	
PREVENTIVE HEALTH: IIID		STATE TRANSPORTATION:	
CAREGIVER: IIIE			

Title III Fund Transfer Requested [] Yes [] No

TRANSFER OF FUNDS:	INCREASE	DECREASE
AREA AGENCY ADMINISTRATION	XXXXXXXXXXXXXXXXXXXXXXXXXX	_____
SUPPORTIVE SERVICES	_____	_____
CONGREGATE MEALS	_____	_____
HOME-DELIVERED MEALS	_____	_____

CAUTION! The amounts to be shown here should only be the amounts of the transfers requested and **NOT THE TOTAL CONTRACT AMOUNTS AFTER THE TRANSFERS!**

ALLOCATION OF STATE MEALS:		STATE MEALS ONLY! STATE HOME-DELIVERED MEALS ARE ALWAYS ADDED TO IIIC-2.
CONGREGATE MEALS IIIC-1	_____	
HOME DELIVERED MEALS IIIC-2	_____	
TOTAL	_____	THIS TOTAL SHOULD EQUAL THE STATE MEALS TOTAL.

SIGNATURE	TITLE	DATE
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SUBSECTION V: OTHER TRANSFERS OF FUNDS

A. OPERATING TRANSFERS DURING THE YEAR OTHER THAN ON ORIGINAL SCHEDULE OF FUNDING

1. Supplemental Senior Center Funds can be transferred in any amount to any Title III congregate setting service. Supplemental Senior Center funds cannot be transferred to local funds.
2. Parish Council on Aging (PCOA) can be transferred in any amounts to any senior related program operated by the council. PCOA funds must be expended by June 30th of each fiscal year.
3. Senior Center funds can be transferred to Title III congregate setting services. Sufficient funds can be used to pay for Senior Center Coordinator's salary and fringe benefits plus an appropriate amount for insurance, utilities, janitorial and other shared expenditures. The remainder of the Senior Center funds can be transferred to the program where the congregate services will be performed. Senior Center funds cannot be transferred to local funds.
4. Program Income derived from Title III programs cannot be transferred. Program income must remain in the programs where they were earned.

B. RECORDING AND TRANSFERRING FUNDS

Funds should always be recorded into the fund and revenue account to which GOEA issued those funds. Program income should be recorded in a revenue account in which the program income was earned.

The actual transfer of funds should be recorded by journal entry or other appropriate entry for the dollar amounts being transferred.

For example: A council wishes to transfer \$500 in Senior Center funds to Title IIIB on a monthly basis. All Senior Center funds received from GOEA are to be recorded in the appropriate Senior Center revenue and fund accounts. An entry would be made to show the \$500 transfer from Senior Center to IIIB. That amount would also be shown on the Senior Center quarterly financial reports as a TRANSFER OUT TO IIIB and on the monthly IIIB financial report as a TRANSFER IN FROM SENIOR CENTER.

SUBSECTION VI: BUDGETING AND MONITORING

PREFACE

A “budget” is a financial plan serving as an estimate of and control over future operations of the contractor. A “COST ALLOCATION PLAN” and spreadsheets are integral parts of the budget. ALL BUDGETS AND BUDGET REVISIONS REQUIRE GOEA APPROVAL. Without GOEA approval, any and all expenditures utilizing GOEA funds can be disallowed. Budgets should be compared to actual expenditures on a monthly basis. Original budgets are due to GOEA by June 1st. Final budget revisions are due to GOEA on or before April 30th, before the fiscal year end.

Sound financial management dictates a comprehensive agency-wide (covering all grants and local funds) budget is prepared prior to the beginning of each fiscal year. Since each grant already requires a budget, little additional work is required to complete the agency-wide budget.

CHAPTER 1: BUDGET AND BUDGET PREPARATION

It is the responsibility of management to prepare the budget each year. The budget should be adopted and approved by the Board of Directors prior to submitting the budget to GOEA for approval. Original budgets are due to GOEA by June 1st.

Budgets can be amended and submitted to GOEA as often as required. The final budget revision is due to GOEA on or before April 30th of each fiscal year.

Each contractor is permitted a one-time transfer of funds between programs on the original Schedule of Funding. Once the contract is issued, the shifting of funds between programs requires an amended contract with GOEA.

The budget should be prepared using the same expenditure categories as the financial records. The following is a list of the categories required by the Governor's Office of Elderly Affairs:

1. Personnel - All salaries and wages paid to employees of the Contractor.
2. Fringe - Contractor's portion of FICA, FUTA, LUTA, retirement and/or hospitalization insurance.
3. Travel - All travel related expenditures for employees, board members and volunteers. In-state and out-of-state travel should be shown separately.
4. Operating Services - Non-consumable items such as advertising, printing, equipment maintenance, telephone, postage, utilities, insurance, (including worker's compensation), rentals, subscriptions, etc.
5. Operating Supplies Consumable items such as office supplies, gas, oil, kitchen supplies, raw food and non-edibles for nutrition programs, etc.
6. Other Costs - Subcontracts for services such as consultants, caterers, audit, etc.
7. Capital Outlay - Purchases of assets costing \$1000.00 or more and having a useful life of more than one year. Each item in the capital outlay portion of the budget must be separately stated.

Cost Allocation Plan

Each line item expenditure in the budget must be allocated to the proper program that derives the related benefit. The rationale supports the cost allocation of each line item must be explained on the Cost Allocation Plan.

Priority Services

Priority Services are funded in the Title III-B Supportive Services. The required percentages for the priority services categories are:

Access	≥30%
In-Home	≥15%
Legal	≥5%

Priority Services are funded in the Title III-E National Family Caregiver Services. The required percentages for the priority services categories are:

In-Home Respite	≥40%
Supplemental Services	≤20%

The required percentages are calculated by using the original Title III funding amount before transfers. If the required minimum percentage in priority spending is not met, per the final financial reports, the deficiency will have to be refunded.

CHAPTER 2: BUDGET FORMS

(Forms as provided by Office of Elderly Affairs on an annual basis).

SUBSECTION VII: FINANCIAL REPORTING

PREFACE

The Governor's Office of Elderly Affairs requires the preparation of financial reports. They are due monthly, quarterly and annually. The reports are listed below by time period. All monthly and quarterly financial reports are due on the fifteenth (15th) day of the month following the end of the respective financial reporting period except the final financial reports for the fiscal year (June). All final/annual reports are due on July 31st following the end of the fiscal year.

FINANCIAL REPORTS FILED MONTHLY

Title III CI - Area Agency Administration

Title III B - Supportive Services

Title III CI - Congregate Meals

Title III C2 - Home Delivered Meals

Title III D - Preventive Health

Title III E – National Family Caregiver Support

Ombudsman

SeniorRx/ADRC

Title V - Senior Community Service Employment

FINANCIAL REPORTS FILED QUARTERLY

Senior Center

Supplemental Senior Center (formerly: Miscellaneous Grants)

Parish Council on Aging (PCOA) - Act 735

Budget to Actual Comparison with Supporting General Ledger Entries

FINANCIAL REPORTS FILED SEMI-ANNUALLY

Program Income Supplemental Reports (Due for the periods ending September 30th and June 30th).

FINANCIAL REPORTS FILED ANNUALLY

Nutritional Support Incentive Program (NSIP)

In-Kind Support Annual Report

Capital Assets Inventory Schedule

Participant Contributions Carryover Amount(s) Report

CHAPTER 1: INSTRUCTIONS FOR PREPARING FINANCIAL REPORTS

1. Monthly and quarterly financial reports are due at the Governor's Office of Elderly Affairs by the fifteenth (15th) day of the month following the close of the reporting period. Annual financial reports and final financial reports for the fiscal year are due on July 31st following the final month of the fiscal year close.
2. All reports must have the agency name and ending date of the period covered entered in the appropriate blank. Also, indicate whether or not the report is final by checking the appropriate box.
3. Reports must be signed and dated by the contractor. Reports may be faxed in order to meet reporting deadlines. However, the agency must mail a copy with an original signature.
4. Rounding numbers to the nearest dollar is essential because cents create problems in our computer system. Dollars and cents create decimal problems in our computer programs.
5. Expenditures are cumulative from July 1st. Expenditure amounts should agree with General Ledger amounts.
6. Revenues are reported as follows:

GOEA FUNDS

Report the amount received to date from GOEA for Title III (Administration, Supportive Services, Congregate and Home-Delivered Meals, National Family Caregiver Support, Preventive Health, Ombudsman) Senior Center, Supplemental Senior Center, PCOA, and NSIP contracts.

PROGRAM INCOME

Program income can be grouped into three general categories:

1. **PARTICIPANT CONTRIBUTIONS** - Voluntary contributions by participants.
2. **SALE OF MEALS** - Sale of meals to non-qualifying individual. Refer to 45 CFR §1321.67 Service Contributions.
3. **GENERATED REVENUES** - The cost of the sale of an item borne by a program. EX., if the cost of supplies, rent, utilities, salaries etc., remain in a Title III program, then the income for the sales remains in that program. Revenue generated from the sale of items such as ceramics, quilts, etc. must remain in a Title IIIB. Such proceeds are subject to all applicable rules regarding program income.

In accordance with 45 CFR §92.21 and 45 CFR §74.24, program income shall be deducted on the monthly financial reports submitted to GOEA to reflect a reduced need for reimbursement, i.e. program income should be expended first before repayment is requested.

CARRYOVER OF PROGRAM INCOME

This section refers to carrying over funds from one fiscal year to another fiscal year. Program income in Title III programs received in the last month of the fiscal year (June) can be carried over to the next fiscal year. The program income carried forward must be used first in the first month (July) of the next fiscal year.

NSIP REPORTING

NSIP funds are distributed at the end of each fiscal quarter. Report as expended only the amount that is being applied to current domestic raw food costs. NSIP funds applied to C1 & C2 cannot exceed domestic raw food expenditures. NSIP cash fund reserves can be carried over for one year.

OTHER / LOCAL FUNDS

Report only the amount of other or local funds that are being applied to current expenditures.

7. COMPUTATION OF REPORTS GENERAL

- A. All GOEA produced financial reports will indicate whether the report requires detailed expenditures or GROSS expenditures.
- B. The reports will indicate the columns that contain monthly or year-to-date amounts. If the report does not indicate monthly or year-to-date amounts then the amounts are always year-to-date.
- C. Shaded areas on the reports indicate that no amounts are to be placed in that space.
- D. GOEA has attempted to show on the reports every instance when a transfer can be made into or out of a program. However, check Subsection IV (TRANSFER SECTION) to determine if a fund can be transferred in or out.

IIIB, IIIC-1, IIIC-2, IIID, IIIE

First, show the total INDIRECT COST in the designated space at the top of the indirect column. This amount must be allocated to each expenditure having indirect cost on the report in the INDIRECT COST COLUMN by a percentage designated by your cost allocation plan.

Second, input the DIRECT COST for each expenditure listed on the report in the Direct Cost Column.

Third, add across to arrive at the total cost in the TOTAL COST COLUMN. Add each column down to arrive at the GROSS EXPENDITURES. The DIRECT COST column plus the INDIRECT COST Column must equal the TOTAL COST Column, both across and down.

Next, subtract PROGRAM INCOME (participant contributions and sales where applicable), OTHER / LOCAL FUNDS and TRANSFERS OUT from GROSS EXPENDITURES to arrive at NET EXPENDITURES.

Next, subtract NET EXPENDITURES from GOEA FUNDS RECEIVED TO DATE to arrive at CASH ON HAND.

NOTE 1: Whenever CASH ON HAND is \$1,000.00 or more in any Federal program, that program will be cash managed. Also, any positive amount shown as CASH ON HAND on the June financial report must be returned to GOEA. Include a check for that amount with your final financial report for the fiscal year.

NOTE 2: III C-1 and III C-2 show a RAW FOOD COST in the description column. The raw food amount is not used in the calculations in these reports. Raw food cost is a portion of the meals amount. The raw food cost needs to be reported to assure that NSIP funds applied do not exceed raw food cost.

AAA and OMBUDSMAN

These reports differ from other financial reports as follows:

- A. INDIRECT COST is not reported separately on this form so, skip that step.
- B. Detailed expenditures are not listed. The report begins with GROSS EXPENDITURES.
- C. The remainder of the report is calculated the same as Other Title III reports.

NOTE 1: A positive balance in CASH ON HAND on these reports at year end must be returned to GOEA. Include a check for that amount to accompany your year-end reports.

NOTE 2: These funds are cash managed.

SENIOR CENTER

List the total OPERATIONAL COST in the designated space on your report.

Add all TRANSFERS OUT to arrive at GROSS EXPENDITURES.

NOTE: Senior Center funds can only be transferred out for congregate setting services.

Subtract OTHER / LOCAL FUNDS and all TRANSFERS IN to arrive at NET EXPENDITURES.

Subtract NET EXPENDITURES from GOEA FUNDS RECEIVED TO DATE to arrive at CASH ON HAND.

NOTE 1: A positive balance in CASH ON HAND on this report at year end must be returned to GOEA. Include a check for that amount to accompany your year-end report.

NOTE 2: Senior Center Funds are not cash managed.

SUPPLEMENTAL SENIOR CENTER

This report differs from Senior Center as follows:

- A. You may only use Supplemental Senior Center Funds as a source of funds and transfer these funds to Title III programs, with congregate services and Senior Center.
- B. The remainder of the report is calculated the same as Title III reports.

NOTE 1: A positive balance in CASH ON HAND on this report at year end must be returned to GOEA. Include a check for that amount to accompany your year-end report.

NOTE 2: Supplemental Senior Center Funds are not cash managed.

PCOA (ACT 735)

This report differs from Senior Center as follows:

- A. DISCRETIONARY EXPENDITURES (the first line on the report) are allowed only if the agency actually operates a program within PCOA. You may actually use PCOA as a source of funds and transfer the funds to other programs.
- B. The remainder of the report is calculated the same as Title III reports.

NOTE 1: A positive balance in CASH ON HAND on this report at year end must be returned to GOEA. Include a check for that amount to accompany your year-end report.

NOTE 2: PCOA funds are not cash managed.

OTHER REPORTS: IN-KIND SUPPORT ANNUAL REPORT, NSIP ANNUAL REPORT, INVENTORY SCHEDULE. AND PARTICIPANTS CONTRIBUTIONS CARRYOVER AMOUNTS REPORT

These are annual reports. Fill out these reports per instructions on the form. Should you need help, contact your program auditor.

SUBSECTION VIII: AUDIT GUIDE

Available on the GOEA website at goea.la.gov under “Publication/Resource links”

SUBSECTION IX: HELPFUL PUBLICATION REFERENCE

1. Codification of Governmental Accounting and Financial Reporting Standards; published by the GASB
2. Governmental Auditing Standards, issued by the Comptroller General of the United States (yellow book)
3. 2 CFR §200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
4. OMB Circular A-87 Cost Principals for State and Local Governments - Replaced by 2 CFR §200 for audit periods beginning after December 26, 2014.
5. OMB Circular A-102 Grants and Cooperative Agreements with State and Local Governments- Replaced by 2 CFR §200 for audit periods beginning after December 26, 2014.
6. OMB Circular A-110 Uniformed Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-profit Organizations- Replaced by 2 CFR §200 for audit periods beginning after December 26, 2014.
7. OMB Circular A-122 Cost Principals for Non-Profit Organizations- Replaced by 2 CFR §200 for audit periods beginning after December 26, 2014.
8. OMB Circular A-133 Single Audit Act- Replaced by 2 CFR §200 for audit periods beginning after December 26, 2014.
9. OMB Compliance Supplement for Single Audits of State and Local Governments
10. The AICPA Audit Guide-Audits of State and Local Governmental Units. (ASLGU)
11. Louisiana Governmental Audit Guide
12. Statement of Position 98-3 – Audits of States, Local Governments, and Not-For Profit Organizations Receiving Federal Awards
13. Statement of Auditing Standards #68 – Compliance Auditing Applicable to Governmental Entities and Other Recipients of Governmental Financial Assistance
14. 20 CFR §641, U.S. Department of Labor, Senior Community Service Employment Program
15. 45 CFR Part 74, Department of Health and Human Services, Title III Grant Administration

16. Older Americans Act, as amended
17. GOEA Policy Manual
18. Current Contracts with GOEA
19. 45 CFR §1321, §1326, and §1328
20. RS §23:1601 – Louisiana Employment Security
21. 29 USC §201 et. seq. – Fair Labor Standards Act
22. Form 1023 – IRS Application for Recognition of Exemption Under Section 501 (C) (3)
23. Form 990 – Return of Organization Exempt from Income Tax

SUBSECTION X: TERMINOLOGY

The following definitions of terms are presented to facilitate understanding of the narrative discussions and illustrations included in this guide and the terminology generally employed in governmental budgeting, accounting, auditing, and financial reporting.

ACCOUNTING PERIOD: A period at the end of which and for which financial statements are prepared.

ACCOUNTING PROCEDURES: Processes which discover, record, classify, and summarize financial information to produce financial reports and to provide internal control.

ACCOUNTING SYSTEM: The total structure of records and procedures which discover, record, classify, summarize, and report information on the financial position and results of operations of a government or any of its funds, fund types, balanced account groups, or organizational components.

ACCOUNTS PAYABLE: A short-term liability account reflecting amounts on open account owing to private persons or organizations for goods and services received by a government (but not including amounts due to other funds of the same government or to other governments).

ACCOUNTS RECEIVABLE: An asset account reflecting amounts due from private persons or organizations for goods and services furnished by government (but not including amounts due from other funds of the same government).

ACCRUAL BASIS: The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events, and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

ACCRUED EXPENSES: Expenses incurred but not due until a later date.

ACCRUED INTEREST PAYABLE: A liability account reflecting certain interest cost that has been incurred but not due until a later date.

ACCRUED SALARIES AND WAGES PAYABLE: A liability account reflecting salaries and wages earned by employees but not due until a later date.

ACCRUED TAXES PAYABLE: A liability account reflecting taxes incurred but not due until a later date.

ADVERSE OPINION: An opinion stating the auditor's view that financial statements do not present fairly financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles.

ALLOCATE: to divide a lump sum appropriation into parts which are designated for expenditure by specific organization units and/or for specific purposes, activities, or objects.

ALLOCATION: A part of a lump sum appropriation which is designated for expenditure by specific organization units and/or for specific purposes.

ANNUAL BUDGET: A budget applicable to a single fiscal year.

ANNUAL FINANCIAL REPORT: A financial report applicable to a single fiscal year.

ANNUAL OPERATING BUDGET: Plans of current expenditures and the proposed means of financing them. The annual operating budget (or, in the case of some state governments, the biennial operating budget) is primary means by which most of the financing, acquisition, spending, and service delivery activities of a government are controlled. The use of annual operating budget is usually required by law. Even when not required by law, however, annual operating budgets are essential to sound financial management and should be adopted by every government.

APPRAISE: to estimate the value, particularly the value of property. If the property is valued for taxation, the narrower term “assess” is substituted.

ASSET: A probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events.

AUDIT: a systematic collection of the sufficient, competent evidential matter needed to attest to the fairness of management’s assertions in the financial statements or to evaluate whether management has efficiently and effectively carried out its responsibilities. The auditor obtains this evidential matter through inspection, observation, inquiries, and confirmations with third parties.

AUDIT FINDING: In the context of a financial audit, a weakness in internal controls or an instance of noncompliance with applicable laws and regulations that is presented in the audit report in conformity with Generally Accepted Governmental Auditing Standards (GAGAS). A typical audit finding is composed of a statement of the condition (i.e., weakness or instance of non-compliance) and the criterion or criteria used to define it, an explanation of the cause of the condition, a discussion of its results and recommendations for improvement. Findings ordinarily are presented together with a response from management, which states management’s concurrence or non-concurrence with each finding its plan for corrective action.

AUDIT MANAGEMENT: The process used to procure auditing services, to monitor the performance of the auditor and to ensure the satisfactory resolution of issues raised by the audit.

AUDIT PROCUREMENT: The process used to obtain auditing services from independent public accountants.

AUDIT PROGRAM: A detailed outline of the work to be done and the procedures to be followed in any given audit.

AUDITOR'S REPORT: In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with Generally Accepted Accounting Principals (GAAP) or some other comprehensive basis of accounting.

AUDIT RESOLUTION: The process whereby corrective action is planned, implemented, and monitored to remedy weaknesses discovered and reported in conjunction with an audit.

AUDIT SCOPE: In the context of a financial audit, the focus of audit testing as well as the reference point used by auditors when evaluating the results of audit tests or otherwise exercising their professional judgment. The minimum acceptable audit scope for governments would result in an opinion on the combined (i.e., general purpose) financial statements, with each fund type and account group considered separately when applying materiality evaluations.

BALANCE SHEET: The financial statement disclosing the assets, liabilities, and equity of an entity at a specified date in conformity with GAAP.

BANK BALANCE: In the context of Governmental Accounting Standards Board (GASB) Statement No. 3, *Deposits with Financial Institutions Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, the amount credited by a financial institution to the government's account as opposed to the government's own ledger balance for the account (e.g., if checks have been written against an account, but have not yet cleared the bank, the ledger balance would be lower than the bank balance).

BASIS OF ACCOUNTING: A term used to refer to when revenues, expenditures, expenses, and transfers and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on either cash or the accrual method.

BOOK OF ORIGINAL ENTRY: The record in which various transactions are recorded formally for the first time (e.g., cash journal, check register, or general journal). With automated bookkeeping methods, one transaction may be recorded simultaneously in several records, one of which may be regarded as the book of original entry. Memorandum books, check stubs, files of duplicate sales invoice, etc., on which first or prior business notations may have been made, are not books of original entry in the accepted meaning of the term, unless they also are used as the media for direct posting to the ledgers.

BOOK VALUE: Value as shown by the books of account. In the case of assets subject to reduction by valuation allowances, book value refers to cost or stated value less the appropriate allowance. Sometimes a distinction is made between gross book value and net book value, the former designating value before deduction of related allowances and the latter the value after their deduction. In the absence of any modifiers, however, book value is understood to be synonymous with net book value.

BUDGET: A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term “**budget**” is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating governing body for adoption, and sometimes, the plan finally approved by that body.

BUDGETARY ACCOUNTS: Accounts used to enter the formally adopted annual operating budget into the general ledger as part of the management control technique of formal budgetary integration.

BUDGETARY COMPARISONS: Statements or schedules presenting comparisons between approved budgetary amounts (as amended) and actual results of operations on the budgetary basis.

BUDGET CONTROL: The control of management of government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

CAPITAL OUTLAY: Expenditures resulting in the acquisition of or addition to the government’s general fixed assets.

CASH: An asset account reflecting currency, coin, checks, postal and express month orders, and bankers’ drafts on hand or on deposit with an official or agency designated as custodian of cash and bank deposits. All cash must be accounted for as a part of the fund to which it belongs. Any restrictions or limitations as to its availability must be indicated in the records and statements. It is not necessary, however, to have a separate bank account for each fund unless required by law.

CERTIFIED PUBLIC ACCOUNTANT (CPA): An accountant who has met all the statutory and licensing requirements of a given state for use of that designation. All U.S. states require accountants, at a minimum to complete successfully a uniform national examination before being allowed to designate themselves as CPAs.

CHECK: A bill of exchange drawn on a bank and payable on demand; a written order on a bank to pay on demand a specified sum of money to a named person, to his or her order, or to bearer out of money on deposit to the credit of the maker. A check differs from a warrant in that the latter is not necessarily payable on demand and may not be negotiable. It differs from a voucher in that the latter is not an order to pay. A voucher check combines the distinguishing characteristics of a voucher and a check; it shows the propriety of a payment and is an order to pay.

CODING: A system of numbering or otherwise designating accounts, entries, invoices, vouchers, etc., in such a manner that the symbol used reveals quickly certain required information. To illustrate the coding of accounts, numbers in the 400 range could be used for expenditures, numbers between 420 and 430 for expenditures within the public safety function, and the number 421 for expenditures incurred in connection with the police activity classification. Within police activity classification, the number 421.5 could be used for support services, and the number 421.51 for communications support services. Accordingly, an expenditure for police radios would be classified as 421.51 (i.e., expenditures for communications services, within support services, within the police activity classification, within the public safety function).

COMBINING STATEMENTS-BY FUND TYPE: The second of the financial reporting pyramid's three reporting levels containing GAAP financial statements. Such statements are presented for each fund type (e.g., special revenue funds) for which the government maintains more than one fund. They include GAAP financial statements for each fund of a particular fund type in separate adjacent columns and a total column, which duplicates the column for that fund type in the combined statements-overview.

COMPENSATED ABSENCES: Absences, such as vacation, illness, and holidays, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation or other long-term fringe benefits, such as group insurance and long-term disability pay.

COMPLIANCE AUDITING: Auditing for compliance with applicable laws and regulations. Tests of compliance with laws and regulations are substantive tests; therefore, the term "compliance auditing" should not be confused with the similar term "compliance testing," which usually refers to testing for compliance with internal control procedures.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report of a government. It includes (a) the five combined financial statements in the combined statements-overview and their related notes (the "lift-able" General Purpose Financial Statements (GPFS) and (b) combining statements by fund type and individual fund and account group financial statements prepared in conformity with GAAP and organized into a financial reporting pyramid. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions required supplementary information, extensive introductory material and a detailed statistical section. Every government reporting entity should prepare a CAFR.

CONTINGENT LIABILITY: Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders, and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

COST: The amount of money or other consideration exchanged for goods or services.

COST ACCOUNTING: The method of accounting that provides for the assembling and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or specific job.

CURRENT: As applied to budgeting and accounting, designates the operations of the present fiscal period as opposed to past or future periods. It usually refers to items likely to be used up, or converted into cash within one year.

DATA PROCESSING: (1) The preparation and handling of information and data from source media through prescribed procedures to obtain such end results as classification, problem solution, summarization, and reports. (2) Preparation and handling of financial information wholly or partially by mechanical or electronic means.

DEBT: An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes.

DEFERRED REVENUE: Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, amounts that are measured but not available are one example of deferred revenue.

DEFICIT: (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

DEPOSITORY INSURANCE: Insurance on deposits with financial institutions. Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation (FSLIC), and some state governments provide this insurance.

DEPOSITS: In the context of required not disclosures, cash and near cash items placed on account with a financial institution or fiscal agent. Some deposits (e.g., check accounts) are subject to withdrawal upon demand without notice or penalty (demand deposits) and other (e.g., certificates of deposit) can only be withdrawn without penalty upon completion of a fixed period (time deposits).

DIRECT EXPENSES: Expenses specifically traceable to specific goods, services, units, programs, activities, or functions. Direct expenses differ from indirect expenses in that the latter cannot be specifically traced and so must be allocated on some systematic and rational basis.

DISBURSEMENTS: Payments in cash or cash equivalents.

DISCLAIMER OF OPINION: a report stating that the auditor does not express an opinion on the financial statements. The disclaimer of opinion is appropriate when the auditor has not performed an examination sufficient in scope to enable him or her to form an opinion on the financial statements. A disclaimer of opinion should not be expressed because the auditor believes, on the basis of the examination, that there are material departures from GAAP. In such circumstances, an adverse opinion would be appropriate.

DOUBLE ENTRY: A system of bookkeeping requiring that for every entry made to the debit side of an account or accounts, an entry or entries be made for an equal amount to the credit side of another account or accounts.

ENTITY: (1) The basic unit upon which accounting and/or financial reporting activities focus. The basic governmental legal and accounting entity is the individual fund and account group. (2) That combination of funds and account groups that constitutes the reporting entity for financial reporting purposes and alone may issue CAFRs and GPFS.

ENTRY: The record of financial transaction in the appropriate book of account.

EXPENDITURES: Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt services, and capital outlays, and intergovernmental grants, entitlements, and shared revenues.

EXPENSES: Outflows or other using up of assets or incurrences of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal institution that insures deposits of federally chartered banks.

FIDELITY BOND: A written promise to indemnify against losses from theft, defalcation and misappropriation of public monies by government officers and employees.

FINANCIAL AUDIT: An audit made to determine whether the financial statements of a government are presented fairly in conformity with GAAP.

FISCAL PERIOD: Any period at the end of which a government determines its financial position and the results of its operations.

FISCAL YEAR: A 12 month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations.

FIXED ASSETS: Long-lived tangible assets obtained or controlled as a result of past transactions, events, or circumstances. Fixed assets include buildings, equipment, improvements other than buildings and land. In the private sector, these assets are referred to most often as property, plant, and equipment.

FUND: A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE: The difference between fund assets and fund liabilities of governmental and similar trust funds.

FUND TYPE: Any one of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

GENERAL FIXED ASSETS: Fixed assets used in operations accounted for in government funds.

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

GENERAL LEDGER: A record containing the accounts needed to reflect the financial position and the results of operations of a government. In double-entry bookkeeping, the debits and credits in the general ledger are equal (i.e., the debit balances equal the credit balances).

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP): Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the GASB.

GENERALLY ACCEPTED AUDITING STANDARDS (GAAS): Standards established by the American Institute of Certified Public Accountants (AICPA) for the conduct and reporting of financial audits. There are 10 basic GAAS, classed into three broad categories: general standards, standards of field work and standards of reporting. The Auditing Standard Board of the AICPA publishes SAS to comment and expand upon these basic standards. These SAS, together with the 10 basic standards, constitute GAAS. These GAAS set forth the objectives of the audit and establish measures that can be applied to judge the quality of its performance.

GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (GAGAS):

Standards established by the U. S. Government Accounting Office (GAO) in its publication **Standards for Audit of Governmental Organizations, programs, Activities and Functions** (“yellow book”) for the conduct and reporting of both financial and performance audits. GAGAS set forth general standards applicable to both types of audits and separate standards of field work and reporting for financial and performance audits. The GAGAS standards of field work and reporting for financial audits incorporate and build upon GAAS.

GOVERNMENTAL ACCOUNTING: The composite activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of governments.

GRANTS: Contributions or gifts of cash or other assets from another government to be used or expended for a specific purpose, activity, or facility.

IMPREST ACCOUNT: An account into which a fixed amount of money is placed for minor disbursements or disbursements for a specific purpose (e.g., payroll). When disbursements are made, a voucher is completed to record their date, amount, nature and purpose. From time to time, a report with substantiating vouchers is prepared; the account is replenished form exact amount of the disbursements and the appropriate general ledger accounts are charged. The total of cash plus substantiating vouchers always should equal the total fixed amount of money set aside in the imprest account.

IMPROVEMENTS: Buildings, other structures, and other attachments or annexations to land which are intended to remain so attached or annexed, such as sidewalks, trees, drives, tunnels, drains, and sewers. Sidewalks, curbing, sewers, and highways are sometimes referred to as “betterment” but the term “improvements” is preferred.

INCOME: A term used in accounting to represent (1) revenues or (2) the excess of revenues over expenses.

INDEPENDENT AUDIT: An audit performed by an independent auditor.

INDEPENDENT AUDITOR: An auditor meeting the independence criteria set forth in GAAS or GAGAS.

INDIRECT COSTS: Those elements of cost necessary in the production of a good or service which are not directly traceable to the product or service.

INDIRECT EXPENSES: Those elements of cost necessary in the production of a good or service which are not directly traceable to the product or service. Usually these costs relate to objects of expenditure that do not become an integral part of the finished product or service such as rent, heat, light, supplies, management and supervision.

INTERIM FINANCIAL STATEMENTS: Financial statements prepared as of a date or for a period during the fiscal year and including only financial transactions during the current year to date.

INTERNAL CONTROL: A plan or organization under which employees' duties are so arranged and records and procedures so designed as to make it possible to exercise effective accounting control over assets, liabilities, revenues and expenditures. Under such a system, the work of employees is subdivided so that no single employee performs a complete cycle of operations.

INVENTORY: A detailed list showing quantities, descriptions, and values of property and, frequently, units of measure and unit prices.

INVESTMENTS: Assets held for the production of revenues in the form of interest, dividends, rental, or lease payments. The term does not include fixed assets used in the governmental operations.

JOURNAL: A book of original entry.

LEDGER: A group of accounts in which are recorded the financial transactions of the entity.

LIABILITIES: Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

LONG-TERM DEBT: In the context of the General Long Term Debt Account Group (GLTDAG), any un-matured debt that is not a fund liability.

MACHINERY AND EQUIPMENT: Property that does not lose its identity when removed from its location and is not changed materially or consumed immediately (e.g. within one year) by use.

MAINTENANCE: The act of keeping capital assets in good repair. It includes preventive maintenance; normal periodic repairs; replacement of parts, structural components and so forth and other activities needed to maintain the asset so that it continues to provide normal services and achieves its optimum life.

NOTE PAYABLE: In general, an unconditional written promise signed by the maker to pay a certain sum of money on demand or at a fixed or determinable time either to the bearer or to the order of a person designated therein.

OVERHEAD: Those elements of cost necessary in the production of a good or service which are not directly traceable to the product or service. Usually these costs relate to objects of expenditure that do not become an integral part of the finished product or service such as rent, heat, light, supplies, management and supervision.

PETTY CASH: A sum of money set aside on an imprest basis to make change or to pay small obligations for which the issuance of a formal voucher and check would be too expensive and time-consuming. Petty cash accounts are sometimes referred to as petty cash funds. However, they are not "funds" in the sense of governmental accounting individual funds. Petty cash accounts should be reported as assets of the fund of ownership.

POSTING: The act of transferring to an account in a ledger the data, either detailed or summarized, contained in a book or document of original entry.

PROGRAM BUDGET: A budget wherein expenditures are based primarily on programs of work and secondarily on character and object class.

PROGRAM COMPLIANCE AUDIT: An examination leading to the expression of an opinion on the degree of the audited entity's compliance with requirements imposed by intergovernmental grantors and the audited entity's eligibility for grant monies.

PURCHASE ORDER: A document authorizing the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

QUALIFIED OPINION: A qualified opinion states that, except for the effects of the matter(s) to which the qualification relates, the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the entity in conformity with generally accepted accounting principles.

REQUISITION: A written demand or request, usually from one department to the purchasing officer or to another department, for specific articles or services.

RESERVED FUND BALANCE: Those portions of fund balance that are not appropriable for expenditure or that are legally segregated for a specific future use.

REVENUES: Increase in net assets from other than expenditure refunds and residual equity transfers.

SINGLE AUDIT: An audit performed in accordance with the Single Audit Act of 1984 (with amendment in 1996) and Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-profit Organizations. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal grantor agencies.

TRIAL BALANCE: A list of the balances of the accounts in a ledger, kept by double entry, with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal or their net balance agrees with a control account, the ledger from which the figures are taken is said to be "in balance".

UNIT COST: In context of cost accounting, the cost of producing a unit of product or rendering a unit of service (e.g. the cost of treating and purifying 1,000 gallons of sewage).

UNQUALIFIED OPINION: An auditor's opinion stating that the financial statements present fairly the financial position, results of operations and, when applicable, changes in the financial position in conformity with Generally Accepted Accounting Principles (GAAP) (which includes adequate disclosure). This conclusion may be expressed only when the auditor has formed such an opinion on the basis of an examination made in accordance with GAAS or GAGAS.

Source: Government Finance Officers Association, Governmental Accounting, Auditing and Financial Reporting, (Chicago, GFOA, 1994).

SUBSECTION XI: POLICY ON AUDITS

A. Purpose

These policies formalize procedures to be followed to ensure that audit recipients of GOEA funds are conducted in keeping with State and Federal standards concerning the frequency, scope, composition, completeness and accuracy of audits. The policy provides procedures to ensure that audit findings and recommendations are properly resolved and documented. The policy also sets the standards of independence to be met by recipient auditors.

B. Scope

This policy governs audit review activities of the GOEA; those organizations operating under a parish voluntary council on aging (PVCOA) charter approved by the GOEA director and issued by the secretary of state: the Area Agencies on Aging (AAA) designated pursuant to the approved State Plan; all other recipients of GOEA funds; and sub-recipients of the above mentioned recipients. The policy is intended to satisfy audit requirements under State and Federal Law by implementing the requirements of the Federal Single Audit Act as amended and all regulations issued pursuant to the above law. Nothing in this policy is intended to contradict, alter, limit, or extend the provisions of the above law, and any such policy statements which may have been inadvertently included here are superseded by the above mentioned law. Issues arising from such statements shall be resolved in accordance with the provisions of the Single Audit Act as amended which are included as an integral part of this policy or State law, if applicable.

C. Policy

1. Report frequency, initiation, and clearance

Audits of recipients of GOEA funds and of their sub-recipients are to be conducted on an annual basis, and the report must be issued by December 31 st or within 180 days of the close of the fiscal year of the recipient or sub=recipient if different from the state fiscal year. Any individual or firm engaged to conduct an audit of GOEA recipients or sub-recipients must meet the current independent criteria of the U.S. General Accounting Office in that agency's published standards for the audit of government programs, and have the engagement approved by the Legislative Auditor of the State of Louisiana.

2. Report Content

Audit reports will be prepared in accordance with the standards outlined in the Single Audit Act and/or State law and contain the comments and schedules

required in the act and Audit Guide included in this accounting guide. Reports failing to meet these requirements will not be accepted.

3. Distribution of Reports

Recipients of GOEA funds are to ensure that their auditor will supply a bound copy of the audit report to GOEA and their Federal cognizant agency, if any, within five days of the completion of the report. Sub-recipients of GOEA funds are to ensure that their auditor provide GOEA recipients a copy of their audits within five days of the completion of the report. GOEA recipients must supply GOEA with a copy of the audit reports of each of their sub-recipients within ten days of completion of the report. Copies of sub-recipients' reports will be for GOEA informational purposes and monitoring purposes only. Auditors of recipients and sub-recipients must provide copies of the audit report to the Legislative Auditor within 180 days of the fiscal year end as required by that office. The five and ten day deadlines referenced above are subject to 180 day requirement of the Legislative Auditor. Failure to comply with this reporting requirement will result in contract funds being withheld.

4. Resolution of Audit Findings

- a. Clearance of audit reports and resolution of audit findings concerning Area Agencies will be the responsibility of GOEA. Clearance of audit reports and recommendations of the Area Agency sub-recipients will be the responsibility of the Area Agency concerned, relative to the funds contained in sub-contracts. Clearance of audit reports for funds disbursed directly to a Contractor by GOEA, such as funds appropriated under LA R.S 1606, are the responsibility of GOEA.
- b. Upon the receipt of an audit report of a recipient, GOEA will inform the recipient, in writing, of the findings of the report, the recommendations on the methods to resolve audit findings, and a deadline for taking corrective action. Within the set deadline the recipient must reply in writing to GOEA as to what corrective action has been taken, and must at this time state its disagreement to any audit findings. The response will cover each pertinent fact presented in the audit report with which it disagrees, will specifically state the reason for disagreement, and will include adequate support. Unless disagreement exist as the amount, the recipient will remit any funds due GOEA, according to the audit report, with its response. If a portion of the amount is in disagreement, any portion not in agreement must be remitted at the time of the response.

- c. If the audit report has no recommendation or findings GOEA will so inform the recipient and close the audit. The recipient does not have to respond to this letter of closing.

5. Review of the Responses

- a. GOEA will review the responses of the recipients to the audit finding and recommendations to ensure that:
 - i. appropriate verification is included that specific corrective actions has been taken or that proposed actions are sufficient to effect resolution of audit recommendations, and to preclude recurrence of problem areas or deficiencies, or
 - ii. where corrective action was not taken, or is not contemplated, even though an audit recommendation for corrective action was made, the justification for this inaction is fully satisfactory.
- b. GOEA will decide at this time whether or not an on-site visit is required, and if required, will so inform the recipient concerned of the purpose and time of the visit. This process of visits and/or written communication will continue until all audit issues are resolved. GOEA reserves the right to consult directly with auditors to resolve questions concerning whether the responses adequately resolve audit recommendations. Recipients reserve this right in regard to the audit reports and their sub-recipients.
- c. Recipients will follow the review procedures and standards outlined in this part in reviewing audit reports of their sub-recipients.

6. Procedures for Monitoring Compliance with Audit Recommendations

- a. GOEA will maintain a suspense file for all audit reports which include monetary exceptions or compliance recommendations. Upon fulfillment of the recommendations, the audit reports will be transferred to the regular permanent audit files.
- b. In those cases in which GOEA determines that the recipient or one of its sub-recipients is not making sufficient progress on audit recommendations, GOEA will advise the recipient in writing of the need for immediate specific action. With respect to the deficiencies, if the required actions are not fully initiated within thirty days of the issuance of these instructions, appropriate action will be taken to suspend funding to the recipient and/or to effect charter revocation, Area Agency de-designation, or other appropriate action. With respect to sub-recipients, if the required actions are not fully initiated within thirty days of the issuance of these

instructions, the recipient will take appropriate action to terminate the GOEA funded contract concerned.

- c. GOEA reserves the right to assume clearance authority on all sub-recipient audits whose audit recommendations are not completed or otherwise resolved within six months of the issuance of the audit report.

7. Appeal of Audit Findings

Recipients may appeal audit report recommendations through the following procedural steps:

- a. If additional information is available which may change the recommendation, this information should be transmitted to GOEA, which will confer with the audit firm as necessary to determine whether adjustments to the report, and its findings and recommendations are appropriate.
- b. If the actions outlined above do not resolve the audit issues to the satisfaction of the recipient involved, the recipient may initiate an appeal through the regular appeal process of GOEA.
- c. Sub-recipients may follow the appeal policies of the respective recipient in the event that audit issues cannot otherwise be resolved.
- d. The filing of an appeal action involving the repayment of funds by a recipient or sub-recipient as a result of an audit finding does not relieve the appealing party of the responsibility of remitting funds due in accordance with the timetable outlined above for funds not in dispute.