

Les Cheneaux Watershed Council

POLICIES AND PROCEDURES MANUAL

June 26, 2011

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1.00 BACKGROUND INFORMATION

1.10 Tax Status & Purpose

The following Policies and Procedures Manual is a guide to the general business operations, financial accounting system, and responsibilities of the Treasurer of the Les Cheneaux Watershed Council .

The Les Cheneaux Watershed Council is a not-for-profit organization incorporated as a 501(c)(3) corporation in the State of Michigan with a June 1 – May 31 fiscal year.

The Bylaws of the corporation state the mission of the Les Cheneaux Watershed Council is as follows:

“The Les Cheneaux Watershed Council will promote the conservation, education, protection, restoration and sustainability of water-based resources within the Les Cheneaux Watershed.”

In accordance with IRS Code section 501(c)(3) the Les Cheneaux Watershed Council is organized and operates exclusively for the exempt purpose as described in Form 1023, the application for exemption. In compliance with the restrictions on organizations qualifying under the 501(c)(3) code:

- No part of the net earnings of the organization may inure to the benefit of any private shareholder or individual.
- No substantial part of the activities of the organization may consist of the carrying on of propaganda or of attempting to influence legislation (lobbying).
- The organization may not participate in, or intervene in, any political campaign on behalf of any candidate for public office.

Les Cheneaux Watershed Council is organized as a public charity under Section 509(a)(2) of the Internal Revenue Code as an organization that normally receives:

- 1) no more than 1/3 of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975, and
- 2) more than 1/3 of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc. functions.

1.20 CONFLICT OF INTEREST POLICY

1.21 Purpose

The purpose of the conflict of interest policy is to protect the Les Cheneaux Watershed Council's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Les Cheneaux Watershed Council or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

1.22 Definitions

1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Les Cheneaux Watershed Council has a transaction or arrangement,
- b. A compensation arrangement with the Les Cheneaux Watershed Council or with any entity or individual with which the Les Cheneaux Watershed Council has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Les Cheneaux Watershed Council is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

1.23 Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the

determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the Les Cheneaux Watershed Council can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Les Cheneaux Watershed Council's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective, and if applicable, disciplinary action.

1.24 Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

1.25 Compensation

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Les Cheneaux Watershed Council for services is precluded from voting on matters pertaining to that member's compensation.

- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Les Cheneaux Watershed Council for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Les Cheneaux Watershed Council, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

1.26 Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Les Cheneaux Watershed Council is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

1.27 Periodic Reviews

To ensure the Les Cheneaux Watershed Council operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management Les Cheneaux Watershed Council conform to the Les Cheneaux Watershed Council's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

1.28 Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Les Cheneaux Watershed Council may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

2.00 ACCOUNTING PRINCIPLES & PROCEDURES

2.10 Policies

The accounting principles of Les Cheneaux Watershed Council will be consistent with all applicable laws. These include: Generally Accepted Accounting Principles, Statements of Financial Accounting Standards Numbers 93, 116 and 117, SOP 87-2 on Joint Costs, SOP 94-2 on the applicability of the accounting rules to nonprofits, and SOP 98-3 on accounting for federal awards.

Certain procedures resulting from these accounting pronouncements and releases are discussed below.

2.20 Procedures

2.21 Revenue Recognition

Contributions will be recorded as revenue in the period received or the period in which a pledge is received. Any pledges receivable will be closely reviewed each month to determine whether the amount is still collectible and whether the balance of the pledges receivable is adequately reserved with the allowance for doubtful pledges.

Rents will be recognized in the period for which the rent is paid. Any rents receivable will be reviewed monthly to determine if the amounts are collectible and to review what collection actions are being taken.

Grants which are classified as exchange transactions with the grantor will be recognized as revenue when the grant money is earned. This will generally be determined by the costs reportable to the grantor. Each restricted grant will be set up as a separate cost center to allow for accurate and consistent recording of the expenses of each grant.

2.22 Matching of Revenues and Expenses

In order to present accurate and consistent financial statements, the revenues and expenses attributable to each period will be reflected in that period to the degree possible. The Sections on month and year end procedures review this in greater detail. Generally, all entries required to accurately reflect the revenues and expenses of each period will be made in that period.

The organization records transactions on the accrual basis of accounting.

2.23 Fixed Assets and Depreciation

The general capitalization policy is that all equipment and other fixed assets costing in excess of \$5,000 will be recorded as an asset. To determine if a repair or improvement will need to be capitalized, the following additional factor needs to be considered: does the expenditure extend the useful life of the asset repaired or improved? For example painting would not be capitalized, but replacing the boiler or repairing the roof would be capitalized, if the dollar value was in excess of \$5,000.

All capital assets will be depreciated over their estimated useful lives. The straight line basis will be used, with depreciation charged beginning in the month that the asset is placed in service. Some sample estimated lives are:

Computers and related equipment	3 years
Office furniture	5 years
Building and building improvements	40 years
Parking lot and landscaping	10 years

All capital assets purchased with grant or other restricted funds will be cataloged. Indirect cost rates and their allocation will follow guidelines issued under Cost Principles for Non-Profit Organizations (2 CFR part 230, Sections C & D).

See Section 19 for property and equipment inventory and management.

2.24 Donated Materials and Services

Donated materials, assets and services will be processed in compliance with current Les Cheneaux Watershed Council Gift In-kind Processing Policy.

In order to comply with the rules of SFAS 116, certain services would be recorded as revenues and expenses. Such services would be those professional services which we would otherwise have paid for which were provided by a person whose work would normally include providing those services.

Any donated assets which would meet the definition to be capitalized, outlined in Section 2.23, will be recorded as revenue and as a fixed asset.

2.25 Data Cutoff

In order to meet the deadlines for producing reports discussed in Section 6 and 7, the gathering of information to use in making the month end entries must be cutoff by a certain date.

The monthly financial statements are due to the Board by three weeks after the month end. For these reports a cutoff of two weeks will be used. Any payables or other information not available by two weeks after a month end will be classified in the next period. The Treasurer may need to use estimates if final information is not available on a significant additional transaction.

The year end financial statements are due to the Board six weeks after year end. For these reports a cutoff of four weeks will be used. Since the year end is the most important period cutoff, the general ledger will continue to be held open for additional material transactions through the conclusion of the financial review fieldwork.

3.00 CASH DISBURSEMENTS

3.10 Policies

The positions authorized to sign checks are: Board President, Board Vice-President, Board Secretary and Board Treasurer. Two (2) signatures will be required on checks. Individuals may not sign a check payable to themselves. The Executive Committee may recommend, and the Board of Directors may add additional signatories, as needed to conduct business.

The Treasurer will maintain the accounts payable system. Prior to payment, the Treasurer will code each invoice, prepare the checks and organize the documentation. All accounting records will be supported by source documentation.

The Treasurer will determine payroll amounts based on timesheets and authorized rates. The Treasurer will prepare the payroll checks.

3.20 Procedures

3.21 Capital Acquisitions

Three bids are required for the purchase of budgeted capital assets in excess of \$5,000, if practical. The Treasurer selects a bidder. Board approval is required if the low bidder is not selected, or if bidding was not deemed practical by the Treasurer. Any capital assets not budgeted, must be approved by the Board prior to soliciting bids.

3.22 Supplies, Services, and Other Invoices

Purchase requisitions may be generated by anyone in the organization. The requisitions are turned in to the Treasurer for approval and given to the Administrative Coordinator for order placement. The approved purchase requisitions are given to the Treasurer and filed in the open order file.

When the goods or services are received, the Treasurer, pulls the purchase requisition and compares the order received to the packing slip and the purchase requisition for accuracy. The packing slip is attached to the purchase requisition and returned to the open order file until the invoice is received.

Mail is received and opened by the Administrative Coordinator. All invoices are routed to the Treasurer, who matches the invoice to the approved purchase requisition and the packing slip and determines an account coding for the transaction. The Treasurer initials the invoice indicating approval to pay. The Treasurer enters the approved invoice into the A/P computer module and files all documents in the open invoice file until they are paid.

3.23 Invoice Payment Procedures

Invoices are paid on or before the 1st and the 15th of each month. Prior to generating checks, a pre-check report is generated which lists all outstanding payables with the due dates and amounts. The Treasurer will indicate which invoices need to be paid. Based on the approved pre-check report, the checks are printed from the A/P computer module, attached to the approved support documentation from the open invoice file, and given to the appropriate two (2) board members for signature.

Monies received from Grantors for contractors, and other grant authorized expenses, will be paid within 10 days of the receipt of Grantor funds.

3.24 Payroll Procedures

Payroll is processed bi-weekly and distributed the Friday following the close of the payroll period. The Corresponding Secretary forwards approved timesheets for Les Cheneaux Watershed Council's staff to the Treasurer at the end of each period. Each timesheet must be signed by the employee and by the Corresponding Secretary or Treasurer. The Treasurer totals up the timesheets and enters the totals into the computer payroll module. The checks are printed and presented to the Treasurer for review and then signed by two (2) approved board members. The pay rates used to prepare payroll will be based on signed memos from the Treasurer.

4.00 CASH RECEIPTS

4.10 Policies

The Administrative Coordinator will receive and open the mail. The Administrative Coordinator will restrictively endorse all checks when received. The bank deposit will be made as soon as possible after checks are received by the Administrative Coordinator. If the Administrative Coordinator is unavailable to perform these duties, the Corresponding Secretary will complete these tasks.

Pre-numbered receipts will be used for any monies received directly from an individual.

4.20 Procedures

All checks are restrictively endorsed, photocopied and entered onto a daily cash receipts log when the mail is opened.

Either the Administrative Coordinator or the Corresponding Secretary will sign the cash receipts log verifying its accuracy.

Payments made in person will be added to the cash receipts log. A photocopy of these checks and a copy of the pre-numbered receipt will be attached to the daily cash receipts log. The cash receipts log is totaled by the Administrative Coordinator. A copy of the log is given with the check copies to the Treasurer.

The Treasurer will use the original of the cash receipts log for review and to assist in their duty of reviewing the bank statements (see Section 5).

The Treasurer will use the copy of the cash receipts log and the check copies to determine account coding and to enter the cash receipts into the computer.

5.00 BANK RECONCILIATION

5.10 Policies

The bank statements are forwarded to the Treasurer unopened.

Upon opening the statements, the Treasurer reviews the checks for unusual items or changes. The Treasurer compares selected deposits on the bank statement to the copy of cash receipts logs and reviews any account transfers.

The bank statements are to be reconciled by the Treasurer on a monthly basis no more than one week after receipt of the statement. The general ledger and the reconciled bank statements will be adjusted to agree monthly.

5.20 Procedures

The Treasurer prepares the monthly bank reconciliation. The bank reconciliations will reconcile the bank balance to the general ledger balance. A journal entry will need to be posted each month for items on the bank statements which are not already recorded in the general ledger. These reconciling items may include: interest earned, service charges, NSF checks, direct deposits and other debit or credit memos.

After the general ledger is reconciled to the bank statement, the monthly bank statement and cancelled checks and other forms and the actual reconciliation form are filed in the bank reconciliation file.

6.00 END OF MONTH ACCOUNTING PROCEDURES

6.10 Policies

The Treasurer prepares the monthly financial statements and forwards the financial statements to the Board of Directors for their approval. The financial statements should be to the Treasurer at least two days prior to the mailing of Board packets in order to facilitate this review.

The Board of Directors approves the monthly financial statements.

6.20 Procedures

The cutoff for information in the monthly statements is two weeks after the month end.

Upon completion of the monthly bank reconciliations, the Treasurer will formulate the monthly journal entries. There are two types of monthly journal entries, those that remain consistent from month to month (recurring) and those that are specific to that month. The recurring journal entries are determined after the annual financial review with the help of the CPA firm. These include depreciation and expensing of prepaid insurance. The specific journal entries include recording of principal/interest breakdown for the mortgage payment, interest and dividend income, bank transfers, NSF checks, bank charges, accrued wages and payroll taxes, receivables, etc.

The Treasurer will maintain a file for each month which includes workpapers which document the balance of each balance sheet account. The file will also include copies of the grant billings. All balance sheet accounts will be reconciled monthly to help ensure that accurate statements are provided to management and the Board.

Once the final general journal entries are posted, the monthly financial statement is printed along with a copy of the general ledger for that month as well as the general journal entries posted.

The adjusted financial statements are to be delivered to the Board of Directors within three weeks after the end of the month.

The Treasurer prepares a budget to actual expense report for the Board of Directors, to be included with the monthly financial statements.

7.00 END OF YEAR ACCOUNTING PROCEDURES

7.10 Policies

The Treasurer prepares the year end financial statements.

The Treasurer is responsible for preparing for the preliminary annual financial review and for working with the outside Accountant to complete the financial review.

The Treasurer approves the financial statements before being sent to the Board of Directors. The financial statements should be to the Treasurer at least one week prior to the mailing of the Board packet in order to facilitate this review.

The Board of Directors approves the year end financial statements.

The Treasurer will arrange to move all records from the year which is closing to storage.

7.20 Procedures

The cutoff for May 31, year end, financial statements is extended to four weeks after year end.

Upon completion of the May 31 financial statements, the preliminary year end report is run by the Treasurer and reviewed.

The Treasurer calculates the recurring entries (with the help of the CPA firm if needed) for the new year.

7.21 Financial Review

The Treasurer will contact the independent Accountant to begin planning the scheduling and work needed to complete the financial review. The Treasurer will ensure that adequate space is provided for the independent Accountant to work in our offices. This would include one or more large tables, space to keep our records provided to the independent Accountant, light and electrical outlets.

The Treasurer will work with the independent Accountant to determine what confirmations will be required. This process will be completed as soon after year end as possible. The Treasurer will oversee typing the confirmations. The Treasurer will sign the confirmations. The Treasurer will mail the confirmations to the independent auditors.

The Treasurer will be responsible for preparing as many of the schedules which the auditors will use as possible. The completed monthly reconciliations for May will partially fulfill this requirement.

Some of the information which needs to be organized and made available includes: the complete general ledger for the year, a chart of accounts, all bank statements and cancelled checks, all paid invoices, all cash receipts logs, all payroll records, including timesheets, payroll summaries for each pay period, 941s, UC-101s and W-2s, Board minutes for the year under review through the most recent minutes available, grant contract files, printouts of the donor database, including all restricted donations, lease

agreements, insurance policies, documentation for fixed assets capitalized and documentation for donated services or donated assets recorded in the general ledger.

The Treasurer will be available at all times throughout the review to facilitate the work of the independent Accountant. The Treasurer will schedule some time to meet with the independent Accountant as needed during the review. The Administrative Coordinator will also be available for any work which the Treasurer may delegate to them.

The Treasurer will plan a meeting with the independent Accountant at the end of the review to discuss any issues raised, review the review journal entries, evaluate the review process and plan improvements for the following year.

8.00 COST ALLOCATIONS

8.10 Policies

Les Cheneaux Watershed Council may be required to follow various guidelines for allocating costs which benefit more than one program or grant. A cost allocation plan will be adopted each year which satisfies the requirements of all grants for that year. This cost allocation plan will need to be modified any time a new program is started or at the end or beginning of any fiscal year grants. Due to the frequent modifications to the cost allocation plan, it will be maintained outside of this accounting procedures manual.

9.00 INVESTMENTS

9.10 Policies

Cash not needed for immediate working capital will be transferred to interest bearing investments, unless the funds are designated for a particular account.

Les Cheneaux Watershed Council will maintain collateralization of the total at any one bank in excess of the FDIC coverage. If this is not deemed to be practical or cost effective, a second bank will be used.

The Board of Directors must approve any investments beyond the options listed below.

9.20 Procedures

Les Cheneaux Watershed Council will maintain a money market account at the same bank where the checking account is maintained. Certificates of deposit may also be used to invest excess cash. The Board Treasurer will initiate the transfer of funds or setting up new certificates of deposit based on the projected cash flow requirements and budgets of Les Cheneaux Watershed Council. The Treasurer will prepare the projected cash flow requirements.

The operating reserve fund and any cash designated by the Board will be maintained in a money market account or certificate of deposit. The Board will specify the investment method for the operating reserve and for each designated fund, so that the timeline of the investment will match the timeline of the reserve or designation.

10.00 DEBT

10.10 Policies

Board approval is required for incurring any debt of Les Cheneaux Watershed Council other than operating trade payables and budgeted payroll payables. The Treasurer or Board President will be authorized to negotiate such debt as determined by the Board of Directors.

Any loan covenants and restrictions will be reported to the Board when the debt is authorized. The Treasurer will periodically review these covenants and report to the Board President if there are any violations or potential violations of the covenants.

10.20 Procedures

The Board President or Treasurer will sign any debt agreements after receiving full Board approval.

The Treasurer will reconcile the general ledger debt balances to statements or amortization schedules each month. In addition, accrued interest will be recorded in the general ledger as needed.

11.00 RESERVES AND DESIGNATED FUNDS

11.10 Policies

Les Cheneaux Watershed Council will build and maintain an operating reserve to assist in maintaining financial stability. The target for the operating reserve will be six months of general operating expenses. This will be a cash reserve held separately from other funds of Les Cheneaux Watershed Council. The reserve may be invested consistent with the investment policy of Les Cheneaux Watershed Council. Any income of the reserve fund will stay in the reserve fund.

The Board of Directors may designate portions of the net assets of Les Cheneaux Watershed Council for specific purposes.

11.20 Procedures

During the annual budget preparation, the Board will review the operating reserve and set a target for funds to be set aside that year. The Board Treasurer will establish and maintain the operating reserve bank account as directed by the Board.

Designation of net assets will be made by resolution of the Board. A purpose and timeline must be specified for each designated fund. The designation may also specify whether a separate cash fund is to be used.

12.00 INTERNAL CONTROLS AND FINANCIAL REVIEW

12.10 Policies

The review of internal controls and the annual financial review are two of the most important procedures the Board has for fulfilling its fiduciary responsibilities to Les Cheneaux Watershed Council.

Internal controls pertaining to the accounting records are developed by the Treasurer and approved by the Board Budget and Finance Committee.

The Budget and Finance Committee of the Board of Directors selects the public accounting firm which will perform the year end financial review. The financial review report is presented to the Board of Directors who has the authority to approve the review.

Audits shall be conducted by an independent accounting firm during any fiscal year where expenditures meet or exceed \$500,000, or as required by law or a funding agency.

12.20 Procedures

Whenever there is a change in administrative personnel or a change in the operating structure of the organization, the Treasurer will determine if the internal control system continues to meet the needs of Les Cheneaux Watershed Council. If appropriate, the changes will be reflected in this accounting procedures manual.

The key features of the internal control system are that the Treasurer, who maintains the property management software, is not the only staff member involved in handling checks and cash received, signing checks, transferring money or establishing cash accounts or investments and does not receive the unopened bank statement. The other aspect of this is that the Treasurer reviews the transactions of the other employees and is responsible for noting any problems to the Board of Directors.

The Board of Directors will approve, as part of the budget process, the public accounting firm to perform the annual review.

The Treasurer will attend the review exit conference at the conclusion of the review. The public accounting firm will present the review to the Board each year. The Board will review and approve the financial review.

The Treasurer will be responsible for scheduling the review, preparing the information needed by the auditors, and answering questions during the review.

13.00 COMPLIANCE

13.10 Policies

In order to receive and manage grants and restricted donations, Les Cheneaux Watershed Council must have systems in place to ensure compliance with the restrictions imposed by those grants and restricted donations.

The Treasurer is designated as Les Cheneaux Watershed Council's compliance officer and will be responsible for overseeing the compliance with all applicable grant restrictions.

The Treasurer will be responsible for communicating the nature of all donor restrictions to the Board. This information will be used to ensure that the General Ledger restricted donations account will reflect the restricted donations and the spending of those restricted amounts, as appropriate.

13.20 Procedures

13.21 Compliance Committee

A compliance committee will be chaired by the Treasurer and consist of the Treasurer and Corresponding Secretary. The Treasurer will be responsible for discussing new compliance requirements in the grants which fund the programs with the committee. The Treasurer will be responsible for preparing a report documenting how Les Cheneaux Watershed Council is ensuring compliance with grant rules in each grant program. The Treasurer will also produce a similar report for overall compliance procedures of the agency. These reports, plus any correspondence with granting agencies regarding compliance issues, will be kept in a central compliance file.

The compliance committee will also oversee the maintenance of grant files. The grant files will contain the final signed copy of the grant, any addenda, and correspondence.

13.22 Restricted Donations

The Treasurer will maintain a record of all restricted donations in the donor database so that periodic reports of the year's cumulative restricted donations can be produced. When a restriction has been satisfied, that will be noted in the database. If appropriate, the Treasurer will be responsible for communicating the satisfaction of the restriction to the donor.

The Treasurer will forward copies of each month's new and outstanding restricted donations to the Treasurer. The Treasurer will create a journal entry each month to ensure that the restricted donations are correctly presented in the financial statements.

14.00 BUDGETING

14.10 Policies

The Board of Directors is responsible for guiding the budget process and for approval of the annual budget.

The Treasurer will be responsible for overseeing the preparation of the proposed budget.

14.20 Procedures

The budgeting process will begin in April for the following fiscal year. This will allow for ten months of results to be used in planning the budget.

All budget documents will be submitted to the Treasurer by April 30 for consolidation into an overall agency budget. The Treasurer will then review this to determine if there are any obvious areas which may need to be reworked. The collated budget will be submitted to the Budget and Finance Committee by May 15 for review and feedback. Further revisions will be made and the budget presented to the Board by June 15.

The Treasurer and the Budget & Finance Committee are responsible for each area of the budget as follows:

- Program revenues and expenses, fundraising revenues and expenses, donations revenue, operations expenses, and capital budget.
- Accounting expenses, investment income, projected balance sheet.
- Board and committee expenses.

After completion and approval of the budget by the Board of Directors, the budget will not be modified for subsequent activities.

15.00 COMPUTER AUTHORIZATION AND BACKUP

15.10 Policies

The accounting computer and software will have access controlled by passwords. The Board Treasurer will control the master password. The Treasurer will be given a complete system password and will control which other personnel will be given passwords.

The accounting computer will be backed up regularly. The Treasurer is responsible for carrying out this backup.

The Treasurer is responsible for maintaining the disaster recovery plan for the accounting software and for periodically testing the plan.

15.20 Procedures

15.21 Passwords

The Treasurer will maintain a record of all authorized users and the level of password access of each authorized user.

15.22 Backup

The backup procedures are designed to maintain records of various periods until that period is closed.

An annual backup will be maintained of the accounting data prior to the close. This backup will be maintained until the subsequent year accounting data is backed up and closed.

A monthly backup will be maintained of the accounting data for each month until that month is again backed up the subsequent year.

A weekly backup will be maintained of the accounting data for each week, as of Friday evening until that week is backed up the subsequent month.

A copy of all backups will be kept in a fireproof safe in the Les Cheneaux Watershed Council main office. The Treasurer will have keys to the fireproof safe. A copy of the annual and monthly backups will be maintained in a secure off-site location (e.g. safe deposit box).

15.23 Disaster Recovery

In the event of the serious damage to the offices of Les Cheneaux Watershed Council, arrangements will be made to process accounting records at an offsite location.

16.00 ACCESS TO RECORDS AND RECORD RETENTION

16.10 Policies

The records of Les Cheneaux Watershed Council are generally open to public inspection due to IRS rules, open records laws and the spirit of public service. However, certain information is not open to public examination and may only be released with the permission of the Board President. Questions in this area are to be resolved by the Board officers. If the answer to a request is unclear the Board member may contact Les Cheneaux Watershed Council's attorney for a consultation.

16.20 Procedures

16.21 IRS Forms

Payroll tax forms are not public information and will not be released.

IRS Forms 990, the exempt organization information returns, must be made available to anyone upon request. The specific rules are outlined in the instructions for Form 990. All pages, schedules and attachments, except the detailed schedule of contributors must be made available. The prior three years of 990s must be available upon request for free review in our office. If the requestor wishes to have a copy, it will be provided immediately or may be mailed to the person. The person requesting the 990 will be asked to pay the legally allowed fee of \$1 for the first page and 15 cents for each additional page, plus actual postage, if applicable.

The application for exempt status, Form 1023, and the IRS determination letter are also available to anyone upon request for a free review in our office. Copying charges are the same as for the 990 if the person wishes to take a copy. The specific rules are outlined in the instructions for the form 990.

The Treasurer is responsible for furnishing copies of these documents suitable for public release. The Administrative Coordinator will keep a copy of each form and make photocopies if requested.

16.22 Personnel Records

All requests for personnel records, job references and credit inquiries will be referred to the Treasurer .

16.24 Financial Information

Financial statements and other financial information is regularly distributed to Les Cheneaux Watershed Council employees and the Board. This information is not to be made available to persons who are not regularly authorized to receive that particular report. Any such requests for information must be approved by the Treasurer or Board President.

16.30 RECORD RETENTION AND DESTRUCTION POLICY

16.31 Purpose

The purpose of this Policy is to ensure that necessary records and documents of are adequately protected and maintained and to ensure that records that are no longer needed by Les Cheneaux Watershed Council or are of no value are discarded at the proper time. This Policy is also for the purpose of aiding employees of the Les Cheneaux Watershed Council in understanding their obligations in retaining electronic documents - including e-mail, Web files, text files, sound and movie files, PDF documents, and all Microsoft Office or other formatted files.

16.32 Policy

This Policy represents the Les Cheneaux Watershed Council's policy regarding the retention and disposal of records and the retention and disposal of electronic documents.

16.33 Administration

A Record Retention Schedule is followed as the initial maintenance, retention and disposal schedule for physical records of Les Cheneaux Watershed Council and the retention and disposal of electronic documents. The Treasurer is the officer in charge of the administration of this Policy and the implementation of processes and procedures to ensure that the Record Retention Schedule is followed. The Treasurer is also authorized to: make modifications to the Record Retention Schedule from time to time to ensure that it is in compliance with local, state and federal laws and includes the appropriate document and record categories for Les Cheneaux Watershed Council; monitor local, state and federal laws affecting record retention; annually review the record retention and disposal program; and monitor compliance with this Policy.

16.34 Suspension of Record Disposal In Event of Litigation or Claims

In the event Les Cheneaux Watershed Council is served with any subpoena or request for documents or any employee becomes aware of a governmental investigation or audit concerning Les Cheneaux Watershed Council or the commencement of any litigation against or concerning Les Cheneaux Watershed Council, such employee shall inform the Treasurer and any further disposal of documents shall be suspended until such time as the Treasurer, with the advice of counsel, determines otherwise. The Treasurer shall take such steps as is necessary to promptly inform all staff of any suspension in the further disposal of documents.

16.35 Applicability

This Policy applies to all physical records generated in the course of Les Cheneaux Watershed Council's operation, including both original documents and reproductions. It also applies to the electronic documents described above.

This Policy was approved by the Board of Directors of Les Cheneaux Watershed Council

17.00 MAINTENANCE OF ACCOUNTING POLICIES AND PROCEDURES MANUAL

17.10 Policies

The accounting policies and procedures manual is critical to the accounting function of Les Cheneaux Watershed Council. The Treasurer is responsible for maintaining the manual.

All proposed changes must be approved by the Treasurer, and the Budget and Finance Committee.

The policies and procedure manual will be dated with the date of each approved revision.

17.20 Procedures

Each year the Budget and Finance Committee will review the manual and formulate proposed changes. This update will be completed no later than April 30 of each year. All changes must be approved by the Treasurer and the Budget and Finance Committee.

Whenever changes to the accounting procedures are made, a review of the accounting policies and procedures manual will be made by the Treasurer to determine if a revision is required. Any minor revisions to the manual which are not reflected in the manual immediately should be kept on file to incorporate into the formal annual update.

The revised manual will be distributed to the Treasurer, and Board members.

18.00 PREPARATION OF INFORMATIONAL RETURNS

18.10 Policies

Les Cheneaux Watershed Council is required to file IRS forms 990, Return of Organization Exempt from Income Tax and 990 Schedule A, Organization Exempt Under Section 501(c)(3).

The preparation of these reports will generally be contracted out to the independent Accountant.

The Treasurer will be responsible for providing the information needed to prepare the report.

The Treasurer will review the reports prior to filing them to ensure that they are accurate and do not indicate any potential problems with the tax status of Les Cheneaux Watershed Council.

19.00 PROPERTY AND EQUIPMENT MANAGEMENT

19.10 Policies

An inventory of all property and equipment will be maintained. The inventory document will contain sufficient information for insurance and grant requirements.

19.20 Definitions of Property

In classifying property, whether funded with federal or non-federal funds, Les Cheneaux Watershed Council shall be consistent in its use of terminology. For the sake of clarity and convenience, Les Cheneaux Watershed Council's terminology will be consistent generally with that used by the federal government.

19.21 Real Property

Real property means land, including land improvements, structures, and appurtenances thereto, but excludes movable machinery and equipment. The U.S. Environmental Protection Agency's (EPA) implementation (40 CFR 30, §30.32) of OMB Circular A-110 reads: "title to real property shall vest in the recipient subject to the condition that the recipient shall use the real property for the authorized purpose of the project as long as it is needed and shall not encumber the property without approval of EPA."

19.22 Personal Property

Personal property is any kind of property that is not real property. Personal property may be tangible with physical presence; or intangible with no physical existence, such as trademarks, copyrights, patents, or securities.

19.23 Equipment

Equipment is defined as having a useful life of more than one year and an acquisition cost of more than \$5,000.

19.24 Supplies

Supplies mean all personal property, excluding equipment and intangible property (e.g., personal property with an acquisition cost of \$5,000 or less).

19.25 Property Trust Relationship

Although title to equipment and most real property vests in the recipient (i.e., Les Cheneaux Watershed Council) upon acquisition, this does not mean that Les Cheneaux Watershed Council owns the property outright. Under OMB Circular A-110 (which applies to Les Cheneaux Watershed Council whenever a federal funded grant or a cooperative agreement has been received), real property, equipment, intangible property, and debt instruments that are acquired or improved with federal funds should be held in trust by Les Cheneaux Watershed Council as trustees for the beneficiaries of the project or program under which the property was acquired or improved. (See A-110 SUBPART C .37 and 40 CFR §30.37)

19.30 Procedures

The Treasurer will maintain a database of all property and equipment owned by Les Cheneaux Watershed Council. The database will include: description, serial number, tag number, source & award number, entity holding title, acquisition date, cost, vendor, location, condition, ultimate disposition cost, and any grant requirements or other restrictions.

Property or equipment purchased with Grant (or federal monies) will have recorded the Grantor's share of the cost..

All equipment will have a tag affixed with a unique identifying number.

The property and equipment database will be consulted prior to sale of any item to determine if there are restrictions. Grant purchased equipment may generally not be sold without the grantor's permission.

All equipment and property of LCWC will be maintained and kept in good working order, and kept locked and secured when not in use to protect from loss, damage, or theft.

All capitalized property and equipment valued over \$5000 will be insured.

An annual inventory and reconciliation will be taken to verify the existence of the property and equipment listed in the database.

Equipment will be included in the database using the definitions for capitalization in Section 2.

20.00 PROCUREMENT POLICY

20.10 Purpose

The purpose of this Policy is to set out guidelines for Les Cheneaux Watershed Council staff that are engaged in procurement activity, in order to ensure compliance with varying statutory requirements while allowing the Les Cheneaux Watershed Council to meet its objectives. The Les Cheneaux Watershed Council has developed internal Financial Regulations which govern all of the Les Cheneaux Watershed Council's financial business. This Procurement Policy, the Procurement Strategy and all related Procurement Procedures form part of Financial Regulations.

20.11 Definition of Procurement

The term "Procurement" refers to the process by which goods services and works are acquired from third parties. This is a lifecycle process that covers from the initial purchase concept through to the end of the life of the purchased asset or service.

20.12 Value For Money

In procuring goods, services or works, all employees and volunteers are responsible and accountable for achieving value for money (VfM). In addition, they are urged to seek continuous improvements in value for money.

20.13 Commitment to Competition

VfM is best achieved by competition. Competition promotes economy, efficiency and effectiveness in public expenditure and contributes to the competitiveness of suppliers.

20.14 Procurement Strategy

The Les Cheneaux Watershed Council's Procurement Strategy sets out how the principles of this Policy will be delivered within the Les Cheneaux Watershed Council's operational procurement activity.

20.15 Roles and Responsibilities

All Les Cheneaux Watershed Council staff are responsible for ensuring that procurement activity within their business areas is carried out in accordance with Financial Regulations. The Procurement team will engage with all Les Cheneaux Watershed Council staff to fully establish their needs and deliver effective procurement solutions, working with them at an early stage to drive down costs and improve quality in the goods and services to be procured.

20.16 Legal Obligations

The Les Cheneaux Watershed Council must comply with all of its legal and contractual obligations. The Procurement Team will ensure compliance with all legal requirements relating to procurement activity, and will refer any legal issues to the Board of Directors.

20.17 Supplier Relationships

All Suppliers will be dealt with equally, with integrity, fairness, and courtesy and in a professional manner. Relationships with suppliers should be constructive, but built on a competitive approach that will lead to cost savings and better quality.

20.20 Procurement Processes

20.21 Contracts and Purchase Orders

All Suppliers of goods and services will be covered by an appropriate contract, purchase order or agreement (reflecting value and level of risk to Les Cheneaux Watershed Council). A formal contract should be agreed with the successful Supplier where the whole life cost (total anticipated spend for the duration of the agreement) is greater than \$5,000. Where the anticipated whole life cost is less than this threshold, a purchase order utilizing the Les Cheneaux Watershed Council's standard terms and conditions should be used as the contractual relationship.

The Executive Director, or Board designee, should sign all contracts. All projects/contracts that are greater than \$1000 require prior Treasurer approval. The duration of any procured contract on behalf of Les Cheneaux Watershed Council should not exceed three years without prior Board approval. Any proposed variation to a contract must be authorized by the Board of Directors.

20.22 Evaluation Criteria

The evaluation criteria for a procurement activity should be agreed jointly by the staff and Board prior to the issue of tender or quotation documents, if the procurement value exceeds \$500. Any criteria that is mandatory or has a minimum standard should be clearly identified.

20.23 Les Cheneaux Watershed Council Terms and Conditions

The Les Cheneaux Watershed Council's Terms and Conditions for the supply of goods and services will form the basis of any contract entered into with suppliers unless otherwise agreed in writing. Any amendments to the Les Cheneaux Watershed Council standard terms and conditions must be approved by the Board of Directors.

20.24 Excluded Parties List System (EPLS)

Les Cheneaux Watershed Council will utilize the Excluded Parties List System (EPLS) to determine the reliability of contractors, sub-grantors, and other vendors, prior to contracting or generating purchase orders.

21.00 GRANTS AND CONTRACTS

21.10 Policies

Grant and contract billings will be prepared and filed in a timely manner and adequate documentation will be maintained to support all billings.

Complete grant and contract files will be maintained.

21.20 Procedures

Grant and contract billings will be prepared monthly or as needed. Billing will be done according to funding source requirements based on reimbursements of expenses, units of service or equal installment as required.

Documentation of billings will be prepared and maintained. For billings based on a reimbursement of expenses, a copy of the program expenses from the software and any reconciliations to the billing will be maintained.

The Treasurer, and/or Corresponding Secretary will approve billings prior to issuance and determine their reasonableness, allocability, and allowability of costs in accordance with funder's requirements.

Billings will be recorded as accounts receivable in the appropriate accounting period.

The Board may authorize dedicated bank accounts to manage specific grants and contracts.

Grant and contract files will contain at least the following documents: signed copy of contract, application and budget, correspondence, periodic billings and the documentation supporting the billings.

22.00 PERSONNEL POLICY

22.10 Statement of Policy

The Les Cheneaux Watershed Council recognizes its responsibility for attracting and employing the most qualified and capable persons. It will endeavor to attract employees without regard to age, race, sex, handicap, or any standard not related to job performance. It is further recognized that to attract and retain such persons, the Les Cheneaux Watershed Council must maintain a competitive posture with regard to compensation of its employees, including fringe benefits, and must maintain operating policies and procedures which treat its employees fairly and equitably.

22.11 Responsibility for implementation and subsequent amendment of this policy

The Les Cheneaux Watershed Council Board shall approve all policies, procedures, classifications, compensation plan, schedules and any amendments thereto.

22.12 The Les Cheneaux Watershed Council Board shall annually review this policy. Any recommendations regarding adjustments in salary ranges, employment classifications and levels, and job descriptions shall be based on the Les Cheneaux Watershed Council's financial condition, work level needs, and the current employment conditions in the county's labor market.

22.13 The Les Cheneaux Watershed Council Board will communicate with the Les Cheneaux Watershed Council employees to ensure knowledge and understanding of these personnel policies.

22.20 Code of Ethics

The maintenance of unusually high standards of honesty, integrity, impartiality and conduct by Les Cheneaux Watershed Council employees is essential to assure the proper performance of the Les Cheneaux Watershed Council business and maintain the confidence of area citizens. This confidence is influenced not only by the manner in which the employees serve the public, but in the way they conduct themselves in the eyes of the public. The avoidance of misconduct and conflicts of interest on the part of employees through informed judgment is indispensable to the maintenance of these standards. In accordance with these concepts, this personnel policy sets forth the regulations for employees of the Les Cheneaux Watershed Council, prescribing standards of conduct and responsibilities and governing the reporting of employment and financial interest.

22.21 Employees shall not discriminate unfairly by the dispensing of special favors or privileges to any one for remuneration or not; and never accept for him/herself or his/her family, any benefits or favors under circumstances which might be construed as influencing the performance of his/her duties.

22.22 Employees shall not use alcohol or prohibited drugs during working hours.

22.23 Employees shall not use information coming to him/her confidentially in the performance of his/her duties as a means for making private profit. No employee is permitted to reveal or discuss anywhere or at any time information which might be confidential. This includes mailing lists for private business.

22.24 Employees shall engage in no business, either directly or indirectly, which constitutes a conflict of interest.

22.25 Employees shall give a full days work for a full days pay.

22.26 Employees shall seek to find and employ more efficient and economical ways of getting tasks accomplished.

22.27 Employees are responsible for carrying out their duties without regard to race, color, national origin, sex age, marital status or handicap.

22.28 Employees shall limit to official business only, the use of Les Cheneaux Watershed Council owned equipment and supplies.

22.30 Solicitation

Distribution of literature, catalogs, merchandise, etc. by employees is prohibited during scheduled work time and/or work areas. Similar activity is also prohibited by non-employed volunteers.

22.31 Gifts

Employees shall not accept gifts, excessive entertainment or other favors (>\$20.00) from vendors attempting to or actually providing services or products to Les Cheneaux Watershed Council. This does not preclude the acceptance of gifts for group use, or of a nominal amount (<\$20.00) offered in the spirit of the season.

22.35 Supervisory Controls

It is understood that all Les Cheneaux Watershed Council employees will be under the general supervision of the Board of Directors. An Executive Director, when utilized, will be under the specific supervision of the board Chairman. All other Les Cheneaux Watershed Council personnel will be under the specific and day to day supervision of the Executive Director. Technical support and training will come from various sources depending on programs.

Employee reports will be generated by project managers monthly, or as needed to comply with contracts and assistance agreements.

22.38 Program Activities

Accomplishments and plans will be reported on in person and in writing to the Board of Directors at the regularly scheduled monthly Board meetings.

22.40 Employment Policies

Employment shall be advertised in such a manner that the public is assured open and equal opportunity to apply, and to be properly considered, for Les Cheneaux Watershed Council employment, and so that present employees may be knowledgeable of possible chances for advancement.

22.41 Selection

Employment and promotion of personnel shall be solely on the basis of merit, potential and suitability for the position. The qualifications of potential employees shall be measured against written requirements for the position. The full Board of Directors will make the final decision, based on the above criteria, for the hiring of all employees.

22.42 Affirmative Action

The Les Cheneaux Watershed Council recognizes the possibility that formal and informal recruitment and selection procedures may unknowingly create barriers to equal opportunity for employment. The Les Cheneaux Watershed Council will, on a continuing basis, evaluate its recruitment and evaluation procedures with the goal of eliminating such inequalities. The Elliott-Larsen Civil Rights Act of the State of Michigan will be used as guideline for establishing affirmative action and protection of employee civil rights.

22.43 Nepotism

Within the Les Cheneaux Watershed Council, nepotism shall be discouraged. Exceptions will be in the rare case of a temporary position being granted by the Les Cheneaux Watershed Council Board.

22.44 Criminal Offence

Our staff are sometimes involved in educational programs that include close contact with children and we are permitted open access to the schools with our programs, therefore the Les Cheneaux Watershed Council will follow the procedure of security checks as outlined by the public school system.

22.50 Classification and Compensation

All Les Cheneaux Watershed Council employees are to be classified and paid in accordance with the work agreements adopted by the Board of Directors unless said board designates otherwise. These agreements establish the various classes of position, define the responsibilities and qualifications of the position and sets the wage schedule which will be paid to individuals in various positions. Placement of employees within the system is subject to approval of the Board.

22.51 Classification Adjustment

The work agreements adopted by the Board may be adjusted to reflect cost of living conditions. Such an adjustment affects all employees under the system and is separate from changes in steps of classification.

22.52 Classification

Upon employment or promotion, all employees are to be classified as to whether they are temporary, part-time, full-time or grant employees, according to the following criteria:

SALARIED: work on a regular basis (approx 40 hours per week).

FULL-TIME: work on a regular basis- 40 hours per week.

PART-TIME: work on a regular basis but for less than 40 hours per week.

TEMPORARY: short term replacements (less than 90 days), or hired irregularly.

GRANT EMPLOYEE: hired pursuant to State, Federal or local grant programs. Subject to continued funding of specific grant.

VOLUNTEER: non-compensated and utilized as needed or available.

22.53 Compensation

All new employees shall be placed at the appropriate compensation schedule corresponding with established position, unless the credentials of the new employees are clearly in excess of the minimum requirements of the position classification, or as specified in a grant.

22.54 Probationary Period

All new employees shall serve a probationary position of three months from the date hired. During this time, dismissal may be effected by the Les Cheneaux Watershed Council for reason of non-compatibility without recourse. Probationary employees are eligible for vacation and sick leave (see work agreement for any changes to this section.)

22.55 Salary Increase

Employees are eligible to receive an increase in salary upon written, positive evaluation and recommendation of their supervisor and the Board. An employee evaluation form will be used. An exceptional employee may be considered for a cash reward at the discretion of the Board.

22.56 Evaluations

Formal evaluations provide a means by which the Directors, supervisors and other employees can assess the degree to which expectations of job performance are being achieved and by which the employee can be informed of the need for improvement. All employees are to be assessed annually and at the end of their probationary period. Evaluation will be made by the supervisor. A poor evaluation may be the basis for not recommending a pay increase or for taking other disciplinary action.

22.60 Conditions of Employment

22.61 Dress Code

Office attire will consist of neat, casual wear with the goal of providing a professional appearance. Field attire will consist of pants, shirts and shoes that are consistent with carrying out field work, yet neat in appearance.

22.62 Safety

Precautions will be observed at all times on the job. Les Cheneaux Watershed Council employees are required to wear appropriate protective clothing or equipment for the type of work being performed. Hard hats etc. will be provided by Les Cheneaux Watershed Council if required. The Les Cheneaux Watershed Council shall be guided by the Michigan Occupational Safety and Health Administration.

22.65 Grievance Procedure

It is the intention of the Les Cheneaux Watershed Council that open communication between the Les Cheneaux Watershed Council and employees can be fostered. It is further the intention of the Les Cheneaux Watershed Council that all employees be treated with fairness and respect in the performance of their duties. In encouraging this the following procedure is established to provide an opportunity for resolving personnel problems that may arise. Any grievance, dispute or complaint shall receive prompt attention and an earnest effort on the part of both parties to settle as follows:

22.66 By conference requested by either party between the employee, supervisor and Les Cheneaux Watershed Council Board Chairman. This conference shall take place within four days. If not settled in this manner, proceed to 6.32.

22.67 The employee will reduce the grievance to writing within three days of the occurrence of the conference and deliver it to his/her supervisor and Les Cheneaux Watershed Council Board Chairman.

22.68 A meeting will be held between the employee and the Les Cheneaux Watershed Council Board within 15 days of receipt of the written grievance. The meeting will be open, unless the employee requests a closed meeting with only those directly involved with the conference and others so designated present. After discussing the issue with the Les Cheneaux Watershed Council Board, supervisor, and employee, the Les Cheneaux Watershed Council Board shall make its written recommendation for resolving the issue to the supervisor and employee. This will be completed in no more than four days from the meeting.

22.69 Disciplinary action may be taken against an employee dealing with such types of behavior as follows: habitual tardiness, absenteeism without sufficient reason or proper notification, use of vulgar or abusive language, refusal to carry out directions of the supervisor, lack of cooperation on the job, unacceptable work performance or personal behavior on the job, theft of any kind, abuse of equipment, unsafe work practices, falsification of records or time sheets, use of alcohol or drugs at the work place, release of privileged information.

Discipline is intended to be of positive or developmental nature rather than negative or punishing procedure. Directors may withhold a recommendation for an increase in pay only on the basis of an unsatisfactory rating of the employee's evaluation, work habits, or unwillingness to perform work duties. The Directors shall advise the employee in writing that the recommendation for an increase in pay is being withheld and the reason why.

22.70 Termination of Employment

The termination of positions and lay-off of employee shall be determined by the Les Cheneaux Watershed Council Board after consultation with the supervisor. Except for termination due to unsatisfactory performance or misconduct, all accrued leave will be paid to the individual. Payment for accumulated leave will not be paid to an employee if the probationary period is not fulfilled satisfactorily.

22.71 Resignation

A voluntary termination freely made by the employee for any reason. (See work agreement for specifics)

22.72 Mutual Agreement

Whereby both parties think it would be mutually beneficial to end the employment relationship. Under these circumstances, no termination notice period is set by the Les Cheneaux Watershed Council, and a departure date is informally agreed upon within a reasonable time period. Annual leave and comp time may be taken in full.

22.73 Reduction in Force

Resulting from job elimination due to financial considerations determined by the Les Cheneaux Watershed Council. Any employee so affected will be given 24 hour notice. Annual leave and comp time may be taken in full.

22.74 Unsatisfactory Performance

Failure of an employee to meet performance standards, failure to complete tasks in a timely competent way, or failure to maintain an adequate work record will result in immediate dismissal. Comp time and annual leave will be considered by the board.

22.75 Misconduct

Involving gross negative employee behavior on the job, refusal to do work reasonably expected, wrongful use or taking of Les Cheneaux Watershed Council property, failure to comply with the personnel policy or conviction of a felony. Comp time and annual leave will be considered by the board.

22.76 Termination Review

Before an employee leaves the Les Cheneaux Watershed Council, a termination interview will be scheduled with the supervisor and employee. Its purpose will be as follows: review employment record and reason for leaving; review employee benefits on termination, return of Les Cheneaux Watershed Council property, keys, name tags, etc.; file final time sheet.

22.80 Compensation and Fringe Benefits

22.81 Salary and Benefits

Upon employment, the Les Cheneaux Watershed Council Board shall classify the employee. All full-time employees shall be eligible for fringe benefits as detailed in work agreements. Temporary employees shall not be eligible for any fringe benefits except on a case by case basis. Grant employees on the Les Cheneaux Watershed Council payroll shall be eligible for the same benefits as full-time employees, provided the grant funding their position provides for reimbursement of these fringe benefits, unless approved otherwise in advance by the Les Cheneaux Watershed Council Board.

22.82 Payroll

State and federal taxes will be withheld from each pay check, as well as employee's share of Social Security and Medicare taxes.

22.84 Basic Benefits

Social Security and Medicare (FICA), Workman Compensation Insurance, and Unemployment Insurance (MESA) shall be provided for all employees.

22.85 Disability Insurance

Workman Compensation Insurance is provided for all employees. In the case of a work incapacitating injury or illness for which an employee is eligible for benefits under the Les Cheneaux Watershed Council Workman Compensation program, sick leave credits may be utilized, at the employee's request, to equalize the difference between the employee's normal pay after tax withholdings and the disability of compensation benefits.

22.86 Health Insurance

None provided.(exceptions noted in work agreements)

22.87 Retirement

The employee shall be entitled to 100% of accrued annual leave up to a maximum of 160 hours. 100% of accrued comp time must be used before retirement. Payment shall be made in cash at a rate equal to the employee's current hourly rate of pay upon retirement. The employee is not entitled to payment of accrued sick leave.

22.88 Employee Compensation Plan

None provided.(exceptions noted in work agreements)

22.89 Bonding

Insurance will be provided by the Les Cheneaux Watershed Council for those employees handling Les Cheneaux Watershed Council funds.

22.90 Leave

22.91 Holidays

Shall be paid corresponding to the legal Federal holidays.

22.92 Paid Annual Leave

Annual leave will be accrued during the employment period at a rate dependent on the hours worked per week.

22.93 Paid Sick Leave

Sick leave may be used at any time after it has been accrued. An employee may use sick leave with pay when an exposure to a contagious disease would endanger the health of others by attendance at work. An employee's illness, injury or childbirth will be debited against the employee's accrued sick leave until sick leave has been depleted. Sick leave may be used for doctor or dentist appointments, as well as employee illness. Sick leave may be used to attend funerals of immediate family members. Any accumulated sick leave will not be paid upon retirement or termination, it is intended as an employee benefit only during active employment.

22.94 Notification

Employees shall notify their designated immediate supervisor as soon as possible when the need arises to take sick leave.

After three days off, a physician's statement shall be required stating the condition of the employee relative to ability to perform duties of the position, diagnosis, and other relative information pertaining to the employee's condition.

22.95 Compensatory Time

If the employee expects to exceed their scheduled hours for a given week, the employee will adjust the work schedule so not to exceed their scheduled hours in that week. If it is not possible to make this adjustment, compensatory leave will be approved by the supervisor.

22.96 Maternity Leave

When the pregnancy of an employee reaches six months, notice must be given to the supervisor of impending request for a leave of absence. In addition, to continue working in a safe manner, the female employee at this time must furnish a note from her physician to ensure that continued working conditions will not harm the health of the unborn child or the mother to be. As full term approaches, further assurance from the physician may be required, but the employee may continue to work as long as above conditions and adequate job performance prevail. Maternity leave shall commence in the event of childbirth, or when the employee, acting upon advice of the physician, indicates that she is no longer able to work.

22.97 Emergency Situations

When it is deemed to be in the best interest of the employees to close the office or curtail services as a result of inclement weather or other emergency situations, the employee will be paid and should take work home.

22.98 Leave without Pay

Leave of absence without pay will be granted at the discretion of the Les Cheneaux Watershed Council Board. Conditions and length of leave will be determined by the Board based on employee's request.

22.99 Jury Duty

An employee who is assigned jury duty or is subpoenaed as a witness shall be granted a leave of absence to serve as required. Leave of absence for witness or jury duty shall be with full pay, less the amount received by the employee for such duty, which shall be reported on the time sheet/time card.

23.00 TRAVEL AND REIMBURSEMENT POLICY

This policy is intended to:

Ensure that only reasonable and necessary expenditures for authorized business are incurred, documented, and paid for by the Les Cheneaux Watershed Council.

Ensure clear and consistent understanding of policies and procedures.

Make sure all payments are in conformity with applicable laws, acceptable practices, and common sense.

Provide guidelines that enable the Les Cheneaux Watershed Council and its departments to better manage their budgets.

23.10 Scope of Policy

The policy applies to all employees and non-employees, *e.g.* trustees, volunteers, consultants, guest lecturers, interview candidates, etc. who incur reimbursable expenses while traveling or locally to be paid by Les Cheneaux Watershed Council, regardless of the source of funds.

The Internal Revenue Service (IRS) imposes the following requirements on reimbursement of business expenses: (1) there must be a business reason for the expenses; (2) the individual must substantiate the expense; and (3) the individual must return to the employer or organization any amount advanced in excess of the substantiated expenses.

For travel and reimbursable expenses to be paid or reimbursed, they must be properly accounted for on a travel and reimbursement form, with the business purpose stated and proper supervisory approvals obtained.

Exceptions to this policy may be made on an individual basis, but require the individual to obtain written pre-approval from the LCWC Board or their designatee. A copy of the pre-approval must be attached to the pertinent travel and reimbursement report.

23.20 Responsibilities of Travelers/Individuals

Employees and students are expected to spend funds prudently. Business travel expenses will be paid by the Les Cheneaux Watershed Council if they are reasonable, appropriately documented, properly authorized, and within the guidelines of this policy. Individuals who incur business travel expenses should neither gain nor lose personal funds as a result of their travel. Travelers conducting official Les Cheneaux Watershed Council business are expected to exercise the same care in incurring expense, as would a prudent person. Excessive costs, circuitous routes, excess delays, or luxury accommodations and services unnecessary or unjustified in the performance of Les Cheneaux Watershed Council business are not acceptable and will not be reimbursed.

Individuals may not authorize reimbursement of their own travel expenses or those of their fellow employees. Employees may not approve travel or entertainment expenses for an individual to whom they report.

23.30 Responsibilities of the Budget Managers

The responsibility for review and approval of all Les Cheneaux Watershed Council business and reimbursable expenses generally rests with the Board of Directors and they must verify that expenses and expense reports meet the following criteria:

The travel expense was incurred while conducting authorized Les Cheneaux Watershed Council business.

The information contained on the expense report and in the attached documentation is accurate and in accordance with this policy.

There are sufficient funds to cover all trip expenses.

The expenditure is charged to the proper account(s).

23.40 Responsibilities of the Business Office:

Reviewing forms and attachments for accuracy, completeness, reasonableness, and compliance with government regulations and college policies.

Returning forms to employees when items appear unreasonable, incomplete, personal in nature, or violate government regulations or college policies.

Maintaining auditable records of travel expenses.

Employees shall receive reimbursement at the rate of .50 mile and a travel voucher will be used. When the employee is traveling to and from work, no mileage will be paid.

When notice of tours, meetings, training sessions, etc., requiring out of Les Cheneaux Watershed Council travel occurs, prior approval for such trips is required. Notice shall be given to the supervisor in a reasonable time. Approval will be obtained from the supervisor in a timely manner.