



COASTAL BEND
COUNCIL OF GOVERNMENTS

Accounting Policies & Procedures



Executive Summary

The Coastal Bend Council of Governments (CBCOG) Accounting Policies and Procedures Manual provides the framework for managing public funds with accuracy, transparency, and accountability. It establishes standards for financial systems, cash and deposit controls, accounts payable and receivable, purchasing, payroll, travel, asset management, budgeting, reporting, grants management, internal controls, records retention, and the 9-1-1 program.

The manual ensures compliance with federal and state regulations, grant requirements, and generally accepted accounting principles (GAAP). It outlines responsibilities, approval processes, and safeguards to protect assets and maintain fiscal integrity.

These policies promote consistent financial practices across all departments, support sound decision-making by leadership, and provide assurance to grantors, auditors, and member governments that CBCOG funds are managed responsibly.



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1.0 Financial Systems, Security, and Data Management

Policy Governance and Hierarchy

Where policies overlap, the CBCOG Employee Handbook governs employee conduct and administrative procedures, while this manual governs financial controls, accounting processes, and compliance requirements.

The Council operates a general ledger accounting system with integrated modules for accounts payable, accounts receivable, and payroll, all using Abila fund accounting software. This system supports detailed grant accounting, effectively tracking grants with fiscal years that differ from the Council's year-end of December 31st, utilizing accrual accounting. The system is organized by fund, ledger account code, grant code, cost center code, and service code. It enables the Council to generate comprehensive reports for monthly or quarterly expenditure submissions to federal or state agencies, as well as automating financial status and payment request reports. Monthly reconciliations and grant budget monitoring help prevent overspending.

The accounting system assists in preparing the Comprehensive Annual Financial Report and the Schedule of Expenditures of Federal/State Awards, which must include the CFDA title and number, Federal award identification number and year, Federal agency, and pass-through entity.

The Director of Finance manages the system, overseeing three workstations with assigned usernames and passwords. The Staff Accountant can enter and manage data, but only the Director of Finance and Senior Accountant have full access and authority to post transactions. The Senior Accountant must obtain permission from the Director of Finance prior to posting any transactions.

The finance department's files and software are hosted on a secure, segregated cloud drive with access limited to authorized personnel. All data is encrypted during transmission and while stored in the cloud environment. All workstations are shut down at the end of each business day, and offices are locked to maintain security.

Backups of the Council's accounting and payroll database are managed automatically through the Council's secure cloud-based hosting provider. System backups occur on a scheduled basis and are stored in redundant, encrypted data centers to ensure availability, reliability, and disaster recovery. The Director of Finance maintains oversight of the backup process by reviewing system reports and verifying that backup and recovery procedures meet Council policy and compliance requirements.



Personally Identifiable Information (PII)

The Council's Director of Finance maintains timely and comprehensive payroll records for all employees. Payroll data includes each employee's full name, home address, personal phone number, personal email address, social security number, W-4 information, and pay details. This information is entered into the payroll system, stored electronically on a secure cloud-based drive, and updated as needed. Hard copies are maintained as backup (see **Personnel Files**).

To safeguard this personally identifiable information (PII), secure login credentials are required to access the accounting and payroll database. Limited security rights are assigned to general users, while full rights are granted only to the Director of Finance and the Senior Accountant.

The Council utilizes Microsoft Windows Defender and Arctic Wolf to protect its systems and data. Windows Defender provides built-in antivirus, firewall protection, threat prevention, and web control coverage across all devices. Arctic Wolf delivers managed detection and response (MDR) services, including 24/7 monitoring, advanced threat detection, and security operations center (SOC) support to help identify, investigate, and respond to cybersecurity risks.

The Council's current and prior years' accounting and payroll documents are secured in the accounting office, with access limited to the Council's two accountants, the Executive Director, and the Director of Finance. Accounting and payroll documents from previous years are stored in the finance department's locked storage room. The key to the storage room is maintained in a key control box. Records are maintained in accordance with the Council's Records Retention Policy (see Section 13.0).

Access to the Council's safe is limited to the Executive Director, Director of Finance, Senior Accountant, and Staff Accountant.

Personnel Files

It is the Council's policy that the Executive Director maintain up-to-date and complete personnel records for every employee. Personnel files are secured in a locked file cabinet located in the Executive Director's office, with access limited to the Executive Director and Executive Assistant.

Personnel files include, but are not limited to, the following documents:

- Resume and employment application
- Job duties and responsibilities signed by the employee



- Employment letter
- W-4
- Direct Deposit Enrollment form
- Enrollment forms for health, life, disability, and long-term care insurance
- Enrollment in 401(a) retirement plan and 457 Plan
- Employee evaluations and salary adjustments, if applicable
- Authorized payroll deduction forms
- Signed employee acknowledgments, including Background Check Authorization, Falsification Statement, Drug Testing Statement, I-9 Notice, and At-Will Employment Statement
- College transcripts (if applicable)

Required I-9 documentation is kept in a separate file, under lock and key with personnel files.

The Council maintains an Employee Handbook, updated by the Executive Director, which governs personnel policies, employee conduct, and administrative procedures.

2.0 Cash & Depository Management

The Council's Director of Finance is directly responsible for cash management. Cash flows are monitored to ensure that adequate funds are available for the payment of obligations and payroll. All cash collected is safeguarded and deposited in the Council's official depository, American Bank, in accordance with the Council's investment policy. When cash and/or currency are received in person, a receipt is prepared by one of the accountants that includes the amount received, the date the cash and currency were received, the purpose of the receipt, the name of the individual submitting the cash and currency, and the signature or initials of the individual who received the cash and currency. A copy of the receipt along with the cash and currency is turned in to the Director of Finance for review and deposit. All receipts not deposited are locked up in the Council's safe. Refer to Section 1.0 for information about who has safe access.

The Council maintains three accounts at its depository institution: a regular checking account, an operating checking account, and a payroll checking account. All funds held in these accounts earn interest, with no other investments made.



Most the Council's federal pass-through funds and state funds are directly deposited into the Council's depository accounts. A constant balance is maintained between safe investments at market yields and sufficient liquidity to meet cash demands. Direct deposits received from federal, state, or other funding agencies are confirmed daily using online banking at www.americanbank.com. Once direct deposits are confirmed, the Senior Accountant records on the deposit notification (1) the amount of the direct deposit, (2) the date of the direct deposit, and (3) the agency initiating the deposit. The Staff Accountant then enters the direct deposit into the accounting software. The Director of Finance reviews the coding for accuracy and ultimately posts the deposit.

All Remote Deposit Capture (RDC) and cash deposits are made to the regular checking account, with receipts retained as documentation. All documentation for deposits is subject to verification by the Director of Finance prior to them being posted in the accounting system.

3.0 Accounts Payable & Disbursements

It is the Council's policy that all disbursements be supported by proper documentation and approvals, with processes segregated among different employees to ensure internal control.

Expenditures

Council expenditures include payroll, employee benefits, supplies, travel and training, computer equipment, and contractual services. Vendor payment packets are organized by vendor and include requisitions, purchase orders, receiving reports, invoices, approvals, and check or ACH remittance stubs.

Processing of Invoices

- Invoices are date-stamped upon receipt, matched to the purchase order and receiving documents (if applicable), and reconciled for accuracy.
- Discrepancies are documented and resolved before payment.
- Accounts payable invoices are coded to the correct fund, account, grant, and cost center before entry into the accounting system.
- Batches are prepared by the Staff Accountant, reviewed by the Senior Accountant, and submitted to the Director of Finance for final review and posting.

After posting, the finance department files the accounts payable batches in the A/P unpaid invoices binder. Accounts payable batches are separated by due dates but are recorded as expenditures in the month the invoices are received, except when invoices are received one or more months prior to their service date(s). Invoices received within two months after



fiscal year end are recorded as prior-year expenditures if the costs were incurred in that year. It is the Council's policy to keep the prior year open for two months after year-end.

Accounts payable check runs follow a regular schedule. The Director of Finance selects payables for payment based on due dates and the availability of federal, state, and local funds. Checks are printed and forwarded to the Council's accountants for processing and distribution.

Disbursements

- Accounts payable payments may be made by check, ACH, or approved autopay arrangements.
- ACH files are created through American Bank and require dual approval: the preparer and either the Director of Finance or Executive Director.
- Checks drawn on the regular checking account are used for expenditures over \$1,000 and all Title III payments; the operating checking account is used for expenditures under \$1,000. The payroll account is limited to payroll transactions. Operating and payroll accounts are reimbursed by electronic transfers initiated by the Senior Accountant and/or Director of Finance.
- It is the Council's policy that all physical checks require two signatures and that no check may be made payable to "cash" or "bearer."
- Authorized check signers include the Executive Director and two members of the Board of Directors. Any combination of two signatures is required.

Safeguards

Blank checks and purchase orders are stored securely, sequentially numbered, and periodically accounted for. Voided documents are canceled, defaced, and filed in numerical order.

4.0 Accounts Receivable and Revenue Reporting

The Council's revenues consist primarily of grant funding, 9-1-1 service fees, and membership dues. Billings are prepared and submitted to grantor agencies shortly after month end, or at the frequency required by each grant, to expedite reimbursement of disbursed funds.

The Commission on State Emergency Communications (CSEC) and the Texas Commission on Environmental Quality advance 9-1-1 service fees and solid waste funds to the Council on a quarterly basis. Quarterly advances for the 9-1-1 program are based on service fee



allocations determined by the State of Texas, rather than on actual service fees collected by telephone companies in the Coastal Bend region.

To ensure proper internal controls, responsibilities for accounts receivable are segregated to the extent practicable. When staffing limitations prevent full segregation of duties, compensating controls are implemented, including supervisory review and approval by the Director of Finance. A detailed aged accounts receivable report is printed as needed to monitor and follow up on past due balances.

Financial & Revenue Reporting

The Council prepares and submits required financial and performance reports in compliance with state, federal, and grantor requirements. All reports are reconciled to the general ledger prior to submission to ensure accuracy and consistency.

- Financial Status Reports (FSRs): Prepared in accordance with applicable state and federal requirements. Each FSR is reconciled to the general ledger before submission, and the Director of Finance reviews and certifies accuracy.
- Quarterly Performance Reports (QPRs): Program Directors provide program data and narratives. The finance department reviews reports for consistency with financial records before submission to grantor agencies.
- Requests for Payment (RFPs): Used to request reimbursement of allowable and documented costs. Each RFP must be supported by reconciled expenditure data and documentation. Accountants verify requests against the general ledger, and the Director of Finance approves prior to submission.

5.0 Purchasing & Procurement

It is the Council's policy that all purchases be made in compliance with federal and state law, Uniform Guidance, and Council procurement thresholds.

Budget Authority

The purchasing process is based on available funding, grant and contract requirements, and approved program activities. The Annual Budget serves as a planning tool and guide for expected expenditures but does not constitute legal spending authority (see Section 9.2).

Requisitions

- All purchases require a pre-numbered requisition detailing the item(s), purpose, funding source, account codes, and approvals.



- The purchasing agent selects the vendor with the best price per quantity, considering other factors such as quality and delivery costs.
- Program Directors review requisitions for appropriateness and budget availability. Approved requisitions are forwarded to the finance department for processing.
- If the department head does not approve the requisition, the form is returned to the originating employee with a written explanation for the denial.
- Payroll-related costs are exempt from purchase order requirements.

Procurement Thresholds

Amount Range	Requirement
Up to \$7,500	One written vendor quote
\$7,501 to \$25,000	Two written quotes
\$25,001 to \$99,999	Three written quotes
\$100,000 and above	See the Council's procurement policy for additional information concerning procurement policies and procedures.

Vendor Quotes & Purchase Orders

- Purchasing staff obtain the required vendor quotes in accordance with procurement thresholds *before a requisition is prepared*. Vendor quotes will not be prepared if the vendor selected is a General Service Commission (GSC) vendor.
- For purchases exceeding \$1,000, a purchase order is prepared and submitted to the Executive Director for authorization.
- If the Executive Director does not authorize the purchase order, the requisition and supporting documents are returned to the originating department with a written explanation for the denial.
- Authorized purchase orders are issued to the vendor and provided to the finance department to match invoices and receiving documents (see Safeguards below).

Receiving

- Departments receiving goods verify count and quality, compare to the purchase order and packing slip, and forward the receiving report to the finance department.
- Packing slips are filed with the purchase order and invoice for payment.



Safeguards

- Invoices are matched against purchase orders and shipping documents to confirm accuracy. Any discrepancies must be resolved and documented directly on the invoice, including adjustments to amounts due.
- If items are backordered, the purchase order remains open until the order is fulfilled. The finance department records the number of items paid for and the related invoice number on the purchase order. A copy of the unliquidated purchase order is maintained with the invoice containing the back-ordered items.
- All purchasing documents are pre-numbered, logged, and securely stored.
- The finance department is authorized to operate the Council's purchase order module.

5.1 Procurement Card (P-Card) Program

Program Purpose

The finance department administers a Procurement Card (P-Card) program to expedite small purchases of goods and services in a cost-effective manner. The program reduces the need for purchase orders for low-dollar transactions, increases efficiency in processing, and allows accountants to devote more time to billing, monitoring, and financial reporting. The P-Card may be used with any authorized Coastal Bend Council of Governments (CBCOG) vendor that accepts MasterCard, consistent with state and Council policies.

Oversight

- P-Card activity is reviewed monthly by the Executive Director. The Finance department performs reconciliation and compliance review.
- The Program Administrator (designated by CBCOG) manages the program, coordinates with **U.S. Bank**, issues and cancels cards, provides training, and ensures compliance with CBCOG and State of Texas contract requirements.
- Program Directors approve applications, review and approve Procurement Card Transaction Logs, and monitor staff usage.
- Cardholders are personally responsible for the security of their card and for ensuring all purchases comply with CBCOG policies. Misuse may result in corrective action, including termination.

Cardholder Policies

- Cards are issued in the employee's name and may be used only by the authorized cardholder for official Council business.



- Travel-related expenses, such as transportation and lodging incurred while on approved business travel, may be purchased with the P-Card, provided such purchases are consistent with the CBCOG Employee Handbook and applicable travel policies.
- P-Cards may not be used for personal items, meals not associated with approved business purposes, fuel (unless specifically authorized), consulting services, or other restricted purchases. Meals are allowable only for business purposes and must be approved in advance by the Executive Director. Meals incurred during out-of-town travel are not allowable on the P-Card, as employees receive per diem payments in accordance with Council travel policy.
- The card must be returned upon termination or immediately reported if lost or stolen.

Transaction Logs and Documentation

- Each cardholder must maintain a monthly Procurement Card Transaction Log documenting all purchases, delivery dates, and grant/account coding.
- Supporting documentation (itemized invoices, receipts, packing slips, and quotes when required) must be attached to the log.
- Logs must be reconciled to the monthly **U.S. Bank One Card** statement within five (5) business days of receipt.
- Approved reconciliations, with supporting documentation, must be submitted to the finance department.
- Logs and supporting documentation are retained by the finance department for audit purposes.

Safeguards

- Cards are restricted to approved vendors and Merchant Category Codes (MCC). Requests to add MCC codes must be approved by the Program Administrator.
- All P-Card purchases must comply with the Council's purchasing policies and procedures.
- The Council is tax-exempt. Employees should make reasonable efforts to avoid sales tax on purchases; however, incidental sales tax may be allowed when it is not practicable to claim exemption at the point of sale.



- Vendors should not charge the card until goods are shipped. Travel-related purchases such as airfare, lodging, and registrations may be charged at the time of booking.

6.0 Payroll

It is the Council's policy that payroll be processed accurately, timely, and in compliance with federal and state regulations.

Processing

- Payroll is processed bi-weekly, with pay dates scheduled every other Friday. When a holiday falls on a Friday, payroll is processed on the preceding Thursday.
- Employees submit weekly timesheets by Monday at 10:00 AM and bi-weekly time reports to supervisors by Tuesday at 10:00 AM. Supervisors review, approve, and forward to the finance department by noon that same Tuesday.
- Vacation and sick leave must be approved by the employee's supervisor using the Council's Request for Leave form. Approved leave forms are attached to timesheets and retained in payroll records. Sick leave may be taken without prior approval or without a doctor's excuse; however excessive sick leave taken without a doctor's excuse may require the supervisor to issue a warning of dismissal.
- Payroll registers, direct deposit files, and tax reports (quarterly filings, W-2s) are maintained as supporting documentation.

Approvals & Disbursement

- Payroll requires dual approval, consistent with ACH disbursement protocols.
- All employees must participate in direct deposit; electronic pay stubs are distributed each cycle.
- Payroll account vouchers are processed exclusively through direct deposit and do not require physical checks.

Cost Allocation

- Salaries and benefits are charged to the grants and cost centers as listed on the time reports. Release time and indirect costs are calculated based on approved rates and are charged to the same corresponding grants and cost centers.
- Payroll batches are reviewed by the Director of Finance before posting.



Other Payroll Policies

- Compensatory time may be granted in lieu of overtime compensation at the discretion of the Executive Director, subject to applicable federal and state wage and hour laws. Accrued compensatory time balances shall be monitored by the finance department to ensure compliance with applicable limits, accurate reporting, and timely usage.
- Exempt employees may work additional hours to meet operational needs; such hours are not considered volunteer service.

Safeguards

Payroll records, including timesheets and leave forms, are safeguarded and retained according to the Council's Records Retention Policy (see Section 13.0).

Vacation and sick leave balances are updated with each payroll run and made available to employees.

7.0 Travel & Reimbursement

All travel, lodging, meals, and reimbursement policies are governed by the CBCOG Employee Handbook. The finance department ensures compliance with the handbook, grant requirements, and applicable regulations.

It is the Council's policy to ensure that travel expenditures are cost-effective while meeting employees' business needs. All travel requires prior approval, and reimbursements are contingent upon the employee's submission of required documentation.

- **Lodging:** Lodging costs before taxes must meet or be below General Services Administration (GSA) rates unless approved by the Executive Director.
- **Per Diem:** Per diem rates cover meals and incidentals for employees on travel.
- **Travel Advances:** Travel advances may be issued for out-of-region travel (see "Out-of-Region Travel Advances and Expenditure Reports Requirements" below).
- **Board Members** are not exempted from complying with the Council's travel policies and procedures.

Out-of-Region Travel Advances and Expenditure Reports Requirements

Employees requesting out-of-region travel advances must complete the Out-of-Region Travel Advance Request, which includes details about the trip, full cost estimates (including M&IE, registration fees, etc.), and transportation and lodging reservations. The following must be included:



- Employee's name, department, destination, dates, and purpose of the trip.
- Detailed agenda, including cities, lodging, and mode of transportation.
- If the mode of transportation is a rental, the reservation showing the estimated cost must be included.
- Google/Mapquest mileage documentation is required if using personal vehicle
- Signature of the employee, Program Director, and Executive Director before submission to the finance department.

Upon returning from out-of-region travel, employees must submit the Out-of-Region Travel Expenditure Report within five business days to the finance department. The report must include:

- A detailed breakdown of all reimbursed expenditures, including mileage, airfare, car rental, lodging, parking, meals at the per diem rates, and any other Council allowed expenditures incurred.
- Original, itemized receipts for non-meal expenditures, including gas receipts for rental vehicles, lodging and all transportation-related receipts, and a copy of the employee's sign-in/sign-out logs for the travel days.
- Certification from the employee that all information is true and correct, and that no other prior reimbursement has been received for any expenditures.

Local Travel Reimbursement

Local Travel Reimbursement forms must detail the purpose of the travel, including the official Council business conducted. The form must be signed by both the employee submitting the request and their supervisor before submission to the finance department.

- Employees must attach Google/Mapquest mileage for any out-of-city travel and their sign-in/sign-out logs for the days when travel occurred. Employees may use their odometer readings for in-city travel.
- The Council will reimburse travel expenditures only if the employee has incurred the expenditures and provides original receipts, and corresponding sign-in/sign-out logs.

Meals and Lodging

- Meals and Incidental Expenditures: Reimbursed at the federal Domestic Maximum Per Diem Rates. For travel not requiring an overnight stay, meal reimbursement



may be allowed when travel extends beyond normal working hours or when approved in advance by the Executive Director.

- **Lodging:** The Council will reimburse for lodging at commercial establishments. Lodging receipts must be original, itemized, and include the establishment's name, address, employee name, room rate, and daily itemization of charges.
- **Prohibited Reimbursements:** Alcoholic beverages and meals incurred at Council offices are not reimbursable.

Parking, and Tolls

- **Parking:** Reimbursed for parking expenditures incurred in personally owned and rental vehicles provided that the parking expenditure is necessary for the Council-related business.
- **Tolls:** Reimbursed when incurred during Council-related travel.

Public Transportation

- Reimbursement for airfares, taxi fares, shuttle vans, and bus services requires original, itemized receipts.
- Reimbursable transportation must be directly related to official Council business (e.g., travel to and from meetings, lodging, airports, or official event locations).
- Transportation costs incurred for personal convenience, including trips for meals or food delivery services, are not reimbursable and are considered part of the employee's per diem.

Rental Vehicles

- Reimbursable rental vehicle costs include only mandatory charges, with an additional driver charge only when required for business purposes. Councils of government (COGs) are exempt from paying motor vehicle rental taxes. As political subdivisions of the state, they qualify as "public agencies," and purchases made in their official capacity are generally tax-exempt. For a COG to claim the exemption on a motor vehicle rental, the following conditions must be met, based on Texas state tax code:
 - The rental must be made to the public agency (the COG itself), not to an individual employee.



- The rental company must be provided with the appropriate exemption certificate at the time of the transaction. For Texas, this is typically Form 14-305, Motor Vehicle Rental Tax Exemption Certificate.
- The transaction is for the official business of the COG.
- While the COG is exempt from the motor vehicle rental tax itself, the car rental company may still pass on other costs to the renter through fees. For example, a company may legally pass on the cost of property taxes, title fees, and vehicle registration fees it has paid on its rental fleet.
- Collision damage waiver charges are not reimbursable due to the coverage provided by the Council's insurance.

8.0 Fixed Assets & Inventory

The Coastal Bend Council of Governments (CBCOG) maintains comprehensive records of all capital assets to ensure proper safeguarding, effective use, and accurate reporting. These assets are crucial for operational efficiency, reporting, and maintaining compliance with insurance and grant requirements.

Types of Capital Assets

The common capital asset categories are as follows:

- **Land:** Vacant land parcels and those used for building sites or other purposes.
- **Buildings:** Permanent structures, including permanently attached fixtures and improvements.
- **Equipment:** Motorized vehicles, office equipment, public safety answering equipment, software, and other items.
- **Intangibles:** Non-tangible assets of significant value and extended useful lives, such as software and 9-1-1 deferred cutover costs.

Capitalization Threshold

The Council capitalizes tangible and intangible assets that have a unit cost of \$10,000 or more and a useful life exceeding two years. The threshold for capitalization reflects materiality and the cost/benefit of the asset. Items below this threshold may still be tracked for security and asset management purposes.



Capital Asset Records

Capital asset records must include the following information:

- Asset Identification (Tag) Number
- Department to which the asset purchase was charged
- Location of the asset
- Asset Description (model number, serial number, etc.)
- Total Cost of the asset purchased
- Date of Acquisition

These records help ensure adequate safeguarding against loss, theft, or misuse and assist in managing the asset lifecycle effectively.

Depreciation

Depreciation is calculated for all capital assets with a depreciable cost basis, excluding land and assets not subject to depreciation. It is based on the straight-line method, using the following factors:

- Assets' Cost Basis
- Acquisition Date
- Estimated Useful Life
- Depreciation Method (straight-line)

Depreciation is recorded at the close of the fiscal year, covering both special revenue fund assets and general government assets.

Capital Asset Disposals and Transfers

The Council's policy is to obtain approval from state or federal agencies before selling or donating capital assets. Disposals and transfers require the completion of the Fixed Asset Disposal/Transfer Form (see below) and appropriate approvals. Disposals occur when assets are no longer functional, irreparable, or have residual value.

Fixed Asset Disposal/Transfer Form

To initiate the disposal or transfer of a capital asset, employees must complete this form, which includes the following information:



- Asset Identification (Tag) Number
- Asset Description
- Reason for Disposal or Transfer
- Date of Disposal or Transfer
- Signatures of the Employee, Program Director, and Executive Director

A copy of the approved form should be given to the Executive Assistant for accurate inventory updating. The original form should be given to the Director of Finance to remove the asset from the capital asset schedule.

Biennial Physical Inventory

A biennial physical inventory is conducted to verify the accuracy of capital asset records. The Executive Assistant performs the physical inventory for all departments except for the 9-1-1 department. The 9-1-1 Department conducts a separate inventory of 9-1-1 capital assets at both the Council's offices and Public Safety Answering Points (PSAPs). Employees conducting the inventory sign each capital asset inventory sheet, and the results are forwarded to the Director of Finance for reconciliation.

Adjustments are made to the records to reflect any discrepancies found during the inventory. If material adjustments are necessary, management will reevaluate internal controls to ensure accuracy and improve procedures where needed.

Insurance Coverage

The Council maintains adequate property liability insurance to cover its capital assets against loss or damage, including assets located at the Council's offices.

Inventory of Non-Capital Assets

Non-capital asset items are also tracked through inventory, with biennial physical inventories conducted alongside those for capital assets. Any discrepancies identified during this process are documented and addressed during the reconciliation.

Examples of non-capital asset items include:

- Low-cost computers or software not classified as long-term investments,
- Office furniture or equipment that falls below the capitalization threshold



9.0 General Accounting, Budget, Reserves, & Cost Allocation

The Council maintains its financial practices in accordance with generally accepted accounting principles (GAAP), using accrual accounting and a standardized chart of accounts. All journal entries require the approval of the Director of Finance before posting to the general ledger.

The monthly closing process, including preparation of trial balances and reconciliations, must be completed within ten (10) business days following month-end. To ensure accuracy, the prior fiscal year remains open for two months after year-end to allow for recording of late invoices that apply to that year.

Budget preparation is a collaborative process involving Program Directors, the Director of Finance, and the Executive Director. The proposed budget is reviewed by the Budget Committee, which may recommend modifications before presenting it to the Board of Directors for adoption (see Section 9.2).

The Council also maintains an indirect cost pool and a central service cost allocation plan, which define allowable and unallowable costs, as well as allocation bases. Approved rates are submitted annually to the Health and Human Services Commission (HHSC) (see Section 9.3).

9.1 General Fund and Reserve Policy

It is the Council's policy that the General Fund support unrestricted operations not covered by dedicated funding, ensuring organizational stability and continuity. Revenues may include membership dues, service fees, interest, and other unrestricted sources.

The Council shall maintain an unassigned fund balance equivalent to at least twenty-five percent (approximately three months) of annual operating expenditures. Use of reserves requires Board approval, and fund balance targets are reviewed annually. The purpose of this policy is to ensure cash availability when revenue is delayed, particularly since most of the Council's grant awards are cost-reimbursement.

The General Fund Reserve consists of two components:

1. Unassigned Fund Balance – maintained to provide sufficient working capital and liquidity to avoid cash flow problems.
2. Assigned Fund Balance – earmarked for grant matching in the amount adopted in the Council's Annual Budget. Upon adoption of the Annual Budget, the Board of Directors authorizes the Executive Director to designate funds for matching purposes as defined in the assigned fund balance.



9.2 Budget Preparation

The Annual Budget is prepared collaboratively by the Program Directors, the Director of Finance, and the Executive Director. The proposed budget is reviewed by the Budget Committee, which may recommend modifications. The Budget Committee votes on a recommendation to be presented to the Board of Directors. The chairman of the Budget Committee presents the proposed budget to the Board for adoption. The approved budget serves as a financial planning and management tool that guides operations and resource allocation but is not legally binding.

9.3 Indirect Cost Plan and Central Service Cost Allocation Plan

The Council maintains an indirect cost pool that accounts for administrative and financial management costs which benefit all programs. These costs are consolidated into an indirect cost plan and allocated to programs through an approved indirect cost rate.

Allowable costs charged to the pool include, but are not limited to:

- Salaries and wages
- Release time
- Employee benefits
- Rent and utilities
- Office supplies, printing, and postage
- Insurance
- Travel
- Dues and subscriptions
- Training
- Maintenance and repairs
- Conferences and meetings
- Contract services
- Auditing services

Adjustments for under- or over-recovery of indirect costs and release time are also made annually in the pool.



Unallowable costs under federal Uniform Guidance (2 CFR 200) include but are not limited to: advertising and public relations (except when required for recruitment, procurement, or compliance with grant requirements), alcoholic beverages, entertainment, alumni activities, lobbying, board membership costs, bad debts, fines or penalties, and certain advisory council costs. Bonding costs may be allowable if reasonable and consistent with sound business practice.

Employees whose time is charged to the indirect pool include the Executive Director, Director of Finance, Senior Accountant, Staff Accountant, and Executive Assistant. These staff support Council-wide functions such as personnel management, budgeting, purchasing, accounting, payroll, financial reporting, auditing, reproduction, mail distribution, facilities, and board liaison activities.

The Council adopts an annual fixed indirect cost rate with carry-forward, using personnel costs as the allocation base. Any under- or over-recovery of indirect costs is carried forward and incorporated into future indirect cost rate calculations, in accordance with the Council's approved cost allocation methodology and timing of rate application.

Depreciation

Depreciation on allowable capital assets may be recovered under the Council's cost allocation plan, consistent with federal cost principles. Depreciation may be included in the indirect cost pool and allocated to benefiting programs through the approved indirect cost rate, or charged directly where appropriate, in accordance with the Council's cost allocation methodology.

Central Service Cost Allocation Plan

In addition to the indirect cost pool, the Council maintains a central service cost allocation plan.

The Council's central service cost allocation plan includes costs that are allocated to programs through established fee structures, which include, but are not limited to:

- Payroll processing services
- Accounts payable processing services
- Billing and grant administration services
- Operating expenditure allocations (e.g., facilities and shared administrative costs)
- Other centrally provided administrative services as approved



Allocations from this pool are based on equitable measures such as employee headcount, number of accounts payable invoices processed, direct labor hours, or other activity drivers. These methods ensure that costs are distributed fairly across programs in compliance with federal and state guidelines.

The Council's Indirect Cost Allocation Plan, which includes the Central Service Cost Allocation Plan, is submitted annually to the Texas Health and Human Services Commission (HHSC) for review and approval as the Council's designated oversight agency.

An Indirect Cost Certification, signed by the Executive Director, affirms that the plan is true, complete, and accurate, and acknowledges the penalties for false or misleading information.

10.0 Financial Reporting

It is the Council's policy that financial information be reported regularly to promote transparency and accountability.

- Monthly financial statements with budget-to-actual comparisons are prepared and distributed to Program Directors.
- Cash reports are presented at Board meetings, including revenue, expenditures, and fund balance details, with explanations available.
- Grantor and regulatory reporting is prepared and submitted as required by federal, state, and contractual guidelines. For grantor-specific reporting, see Section 4.0
- The Council undergoes an annual independent audit conducted by a certified public accounting firm, with results reviewed by the Executive Director, Director of Finance, and the Board of Directors.

11.0 Grants Management

The Council manages grants in compliance with Uniform Guidance, state requirements, and individual grant agreements. All expenditures must meet the principles of allowability, allocability, reasonableness, and consistency.

Financial Management

- Drawdowns and reimbursement requests are submitted only for allowable and documented costs (see Section 4.0 for accounts receivable and financial reporting).
- Shared costs are allocated in accordance with the Council's approved cost allocation plan (see Section 9.3).



- All required financial and performance reports are prepared accurately, reconciled to the general ledger, and certified before submission to grantor agencies. The Director of Finance may certify routine financial submissions (e.g., FSRs, RFPs, and drawdowns), while submissions requiring executive authorization are certified by the Executive Director.

Time and Effort Reporting

Employee time and effort are tracked on timesheets and reviewed by supervisors prior to submission to the finance department (see Section 6.0 Payroll).

Procurement & Compliance

Grant-related procurement follows Council procurement thresholds (see Section 5.0), and conflicts of interest are prohibited.

System for Award Management (SAM)

The Coastal Bend Council of Governments (CBCOG) is registered annually in the System for Award Management (SAM) under **UEI XYL3BD6EM3D9** and **DUNS 832334234**. SAM registration ensures compliance with federal requirements and confirms that the CBCOG is eligible to receive federal funds.

Debarment & Suspension Certification

In accordance with Executive Order 12549, CBCOG certifies that it does not knowingly contract with or award funds to any party that is suspended, debarred, ineligible, or voluntarily excluded. Contractors and subrecipients must provide the same certification. Prior to entering into agreements, CBCOG reviews federal exclusion lists, including SAM and the Office of Inspector General (OIG).

Oversight Roles

- Program Directors oversee grant compliance within their programs.
- The finance department ensures proper accounting and reporting and may certify certain financial submissions (e.g., FSRs, RFPs, and reimbursement requests).
- The Executive Director provides overall oversight and certifies submissions that require executive authorization.
- All grant-related records are maintained for at least seven years (see Section 13.0).

12.0 Internal Controls

The Council maintains an internal control framework designed to safeguard assets, ensure accurate financial reporting, and promote operational efficiency. While specific controls are



described within relevant sections of this manual (e.g., Accounts Payable, Payroll, Cash Management), this section outlines the overall framework.

Key elements include:

- Separation of duties wherever practical, with dual approvals or mitigating controls when separation is not feasible.
- Role-based system access and approval requirements for all financial transactions.
- Thorough documentation and regular reconciliations to ensure accuracy and compliance.
- Biennial tagging and physical inventory of capital assets (see Section 8.0).
- Strict prohibition of personal use of Council assets.
- Whistleblower protections to encourage reporting of concerns without retaliation.

In addition, the Council maintains a \$100,000 Public Employee Dishonesty Bond to provide financial protection against potential losses resulting from fraudulent or dishonest acts committed by employees.

13.0 Records Retention

The Coastal Bend Council of Governments (CBCOG) follows federal, state, and grantor guidelines for records retention. Both electronic and paper records are acceptable as long as they remain accessible and readable.

General Retention Periods

Record Type	Retention Period
Financial Records	Seven years after fiscal year-end
Grant Records	Seven years after close-out, or longer if required
Fixed Asset Records	Asset's lifetime plus seven years
Board Records and Audit Reports	Permanent
Real Property and Equipment (purchased with Federal/State funds)	Seven years after final disposition
Program Income Records	Retention period begins at the end of the fiscal year (December 31st) in which the program income is earned
Indirect Cost Rate Proposals and Central Cost Allocation Plans	Seven years from the date of submission (see Section 9.3)

Federal/State Award Records

Accounting records, supporting documentation, and other records pertinent to Federal/State awards are retained for seven years from the date of submission of the final expenditure report.



- For Federal awards renewed quarterly or annually, the retention period begins from the date of the submission of the quarterly or annual financial report.
- This includes the Council's general ledger accounting database and related supporting documentation.

Litigation, Claims, or Audits

If any litigation, claim, or audit is initiated before the expiration of the retention period, records must be kept until all matters are fully resolved and final action is taken.

If the Council receives written notice from a Federal/State awarding agency, oversight agency for audit, or cognizant agency for indirect costs requiring an extended retention period, the Council will comply with the written notice.

Disposal of Records

Records that have met their retention requirement are securely destroyed with written approval. Disposal is suspended during ongoing audits, litigation, or claims.

14.0 9-1-1 Program (Special Revenue Fund)

The Council manages the regional 9-1-1 program in compliance with CSEC and grant guidelines, with funds reserved exclusively for program purposes. A dedicated Texpool account is maintained. Expenditures support PSAPs, including equipment replacement and upgrades, software licensing, network maintenance, and training costs, as well as other eligible program expenses. All 9-1-1 program assets are tracked in the Fixed Asset Register (see Section 8.0). Procurement and asset management follow Council policies, with oversight provided by the finance department and the 9-1-1 Program Director. For general grant management requirements, see Section 11.0.



Appendix A – Quick Reference Guide

Section	Item/Policy/Record Type	Requirement/Threshold/Period
Procurement Thresholds	Up to \$7,500	One written vendor quote
	\$7,501 – \$25,000	Two written vendor quotes
	\$25,001 – \$99,999	Three written vendor quotes
	\$100,000+	Formal procurement / bidding procedures
Capitalization & Assets	Capitalization Threshold	\$10,000 per unit, ≥ 2-year useful life
	Depreciation Method	Straight-line, recorded annually
	Inventory	Biennial physical inventory required
	Disposals / Transfers	Require Fixed Asset Disposal/Transfer Form & update of asset records
Reserves	Reserve Balance	Maintain at least 25% (~3 months) of operating expenditures
Payroll	Frequency	Bi-weekly; direct deposit required
	Leave	Must use Request for Leave form; supervisor approval required
	Timesheets	Weekly timesheets submitted Monday 10:00 AM; bi-weekly reports Tuesday 10:00 AM
	Cost Allocation	Salaries & benefits charged to grants/cost centers via timesheets
Travel & Reimbursement	Approval	Prior approval required; advances allowed for out-of-region travel
	Per Diem	GSA rates (lodging must be ≤ GSA rate before tax unless approved by Executive Director)
	Mileage	Reimbursed at State of Texas rate; MapQuest mileage required for out-of-city travel
	Documentation	Original itemized receipts + sign-in/out logs
	Submission	Travel forms due within 5 business days of return
Records Retention	Financial Records	7 years after fiscal year-end
	Grant Records	7 years post close-out (longer if required)
	Fixed Asset Records	Asset life + 7 years
	Board Records & Audit Reports	Permanent



Appendix B – Flowcharts

Accounts Payable & Disbursements

[Invoice Received] → [Invoice Matched to Purchase Order & Receiving Docs] → [Discrepancies Resolved] → [Coded & Entered in Accounting System] → [Batch Prepared & Reviewed] → [Director of Finance Approval & Posting] → [Payment Processed (Check/ACH)]

Payroll

[Employees Submit Timesheets] → [Supervisors Review & Approve] → [Finance Reviews & Prepares Payroll] → [Leave Balances Updated] → [Director of Finance Approval] → [Direct Deposit ACH Processed] → [Pay Stubs Distributed]

Travel & Reimbursement

[Travel Request Approved] → [Employee Travels on Official Business] → [Employee Submits Reimbursement Form] → [Attach Receipts, Mileage, Logs] → [Supervisor Review & Approval] → [Finance Verification & Processing] → [Reimbursement Issued (ACH)]

Fixed Assets

[Asset Purchased] → [Tagged & Entered into Asset Register] → [Assigned to Department] → [Biennial Physical Inventory] → [Discrepancies Investigated] → [Disposal/Transfer Form Completed] → [Capital Asset Schedule Updated]

Grant Drawdowns & Reporting

[Expenditures Incurred] → [Posted to General Ledger] → [Prepare FSRs/QPRs/RfPs] → [Reconciled to General Ledger] → [Director of Finance Review & Approval] → [Reports Submitted to Grantor] → [Drawdown/Payment Requested]



Approval

This Accounting Policies & Procedures Manual has been carefully reviewed and formally adopted by the Coastal Bend Council of Governments. The signatures below attest to this approval.

Director of Finance

Phin Paul

Date: 4/28/26

Executive Director

Emil Mantz

Date: 4/28/26