

POLICIES & PROCEDURES

Tillamook Bay Watershed Council

**(a combination of the TBWC's Fiscal Policies and
Personnel Guidelines)**

FISCAL POLICIES & PROCEDURES

Tillamook Bay Watershed Council

Adopted: January 31, 2006

Amended: June 27, 2006

Amended: May 29, 2007

I. PURPOSE OF THE MANUAL

This manual has been designed as a reference for the staff and members of the Tillamook Bay Watershed Council (TBWC). TBWC was incorporated in 2005 in the state of Oregon as a non-profit corporation. The organization received its 501(c)(3) status with the Internal Revenue Service in September 2006.

The manual includes fiscal policies established by the members and Coordinator and fiscal procedures designed to implement those policies and provide simple methods to transact the organization's business affairs. The manual will be updated periodically to reflect changes and clarifications in policies and procedures. Upon full review of the Council, the Coordinator will ensure that copies of the manual in use are updated and outdated policies and procedures are removed.

II. FISCAL MANAGEMENT POLICIES

- A. GAAP: Except when noted, TBWC follows Generally Accepted Accounting Principles for nonprofit organizations.
- B. Adherence to Federal Standards: By reference, the TBWC incorporates all provisions of OMB Circular A-122, "Cost Principles for Non-Profit Organizations" as pertains to federal funds.
- C. Accrual Accounting: TBWC utilizes the accrual basis of accounting in which revenues are recorded in the period in which they are earned and expenses are recorded in the period in which they are incurred regardless of when cash is received or disbursed. Income from restricted grants and contracts is recorded in the period in which the restrictions have been met through proper expenditure of the funds and/or the required services have been provided.
- D. Deferred Revenue: TBWC records Deferred Revenue when restricted funds are received in advance of the provision of the services or incurring of expenses for which the funds are provided. Deferred revenues may be reclassified as Temporarily Restricted Revenues on the audited financial statements, which are presented in accordance with FASB 116 and FASB 117.
- E. Equipment, Furnishings, and Real Property: TBWC records equipment with a useful life of more than one year and cost of more than \$5000 as an asset. Equipment with useful life under one year or cost of \$5000 or less is recorded as a supply expense.

Equipment purchased with restricted grant funding is coded to the expense account Equipment in the fund providing the money during the fiscal year, so that

the purchase may be easily tracked for reporting to the funder. At fiscal year end, a journal entry is made which records the purchase as an asset in the equipment account in the Unrestricted fund and credits it out of the equipment purchases account and debits it out of the fund balance account in the restricted fund.

Depreciation expense and an allowance for depreciation is recorded for all equipment, furnishings, and real property owned by TBWC.

- F. Donated Materials, Equipment, and Services: TBWC records in-kind gifts of equipment as in-kind contributions, a revenue account, and as equipment, an asset account. Donated equipment is recorded at the fair market value on the date of donation. Fair market value is the price at which the item would be sold by a willing buyer to a willing seller.

Donated material which does not meet the definition of equipment is not recorded as "in-kind supplies expense" and "in-kind contribution" in accordance with FASB 116. Volunteer time of professionals in their professional capacity is recorded as "in-kind revenue" and "in-kind expense." Other volunteer time is not recorded in accordance with FASB 116. There is no net effect of recording in-kind labor and its associated in-kind contribution income. The recording of in-kind contribution income for the value of donated equipment results in an increase in net income because the value of the donated equipment is recorded as an asset not as an expense.

- G. Inventory: The TBWC maintains an inventory of fixed assets valued at \$5000 and above and inventory of supplies and equipment valued at \$1000 or above. The inventory shall be updated biennially and shall include a description or name of the item, model or serial number, date purchased, value or cost at purchase, current appraised value if known, and location within the TBWC office. Security inventory numbers shall be affixed to all supplies that cost more than \$1000 at the time of purchase on all furniture and equipment. The Coordinator will review and confirm the inventory biennially.

Equipment procured with federal funds shall be disposed of in accordance with 40 CFR 30.34 (f).

- H. Cost Allocation: TBWC will develop an annual written cost allocation plan to fairly allocate shared costs among the various functions performed by the organization. The written cost allocation plan will be utilized as the basis of negotiation of costs with funding sources. The cost allocation plan will be applied consistently to all programs.
- I. Restricted Funds: Grants and contracts from grantors who restrict the use of funds are recorded in separate funds during the year. The use of restricted gifts is

linked to the purpose specified by the donor/grantor. A separate fund is established for each restricted funding source which utilizes line item budgets. Expenses which fulfill the restrictions of the donor/grantor are recorded in that donor/grantor's fund. Separate bank accounts are not required for each restricted funding source. Internal financial statements are presented using a fund accounting format; year end audited financial statements are presented on a Net Assets basis, using Unrestricted, Temporarily Restricted, and Permanently Restricted classes of Net Assets in accordance with FASB 117.

- J. Functional Expense: TBWC will utilize distinct cost centers to record costs of its distinct program and management functions as its operations diversify. When implemented, each cost center will contain the specific expense account line items needed to record the specific expenses of performing its respective functions.
- K. General Ledger: TBWC maintains a complete double-entry General Ledger reflecting the complete chart of accounts and segregating costs by function and by restricted funding source requirements.
- L. Budget: The Council adopts a comprehensive organization-wide budget for each fiscal year. The budget reflects all anticipated revenues from all sources and all anticipated expenses. Board adoption of the budget constitutes authorization for staff to incur budgeted expenses as explained under Section 12: Procurement and Section 3: Purchases and Disbursements.
- M. Financial Statements: The Council receives a balance sheet and statement of support revenue, and expense for each month during the month following the month for which the statements are prepared. The statements are presented to the Council by the Treasurer, who has reviewed them with the Bookkeeper. The financial statements facilitate identification of restricted and unrestricted funds and comparison of actual revenues and expenses to budget.
- O. Audit: TBWC funds and bank statements are reviewed and reconciled quarterly by the Tillamook Estuaries Partnership Accounting Manager. Council support and other OWEB grants are strictly audited when requests for reimbursement are submitted.

The Council will select an independent CPA to conduct an audit of all TBWC funds every two years. The auditor is required to present the results of the audit to the Council or a designated Council committee. If more than \$500,000 in federal funds is expended during the fiscal year then an audit in accordance with OMB Circular A-133 will be requested from the independent CPA firm hired to conduct an annual audit of TBWC funds.

- P. Interest Bearing Accounts: TBWC places funds in interest bearing accounts

whenever practical and permissible by funding source agreements.

III. PURCHASES AND DISBURSEMENT PROCEDURES

- A. Purchases: Authorization by the Administrative Committee is required prior to all purchases exceeding \$100. Standing authorization for routine expenditures such as utilities, office supplies and copier maintenance is provided by Council approval of the annual budget. Employees desiring to make purchases outside the standing authorization items must submit the request in writing, describing the item briefly, its cost, and the project to which it is to be charged. The request will be coded to the appropriate fund and cost center, and given to the Administrative Committee for approval. Once the Administrative Committee approves the purchase, the Treasurer cuts the check. Alternatively, with prior and specific approval of the supervisor, an employee may purchase the item with her/his own funds and submit a written request for payment, complete with receipt, to the Treasurer who will prepare a reimbursement check.

The Coordinator is required to be familiar with the terms and conditions dictated by each grant and must determine, before giving approval that expenses are reasonable, allocable and allowable per the terms of the grant and the cost principles of the granting organization. Similarly, the Bookkeeper will be responsible for knowing these same rules and will determine the reasonableness, allocability and allowability of costs before the allocations are made. In the case of Federal grants, the Coordinator and Bookkeeper must specifically be familiar with the guidelines established in OMB Circular A-122.

- B. Processing Invoices: All invoices/statements from outside vendors will be routed to the Bookkeeper who will review them to determine whether they are covered by a standing authorization or whether a written request has already been submitted for the item. The Bookkeeper supplies the account code. The Bookkeeper assembles invoices and bills and will process them in accordance with each invoice's due date or discount date. Payments will not be made from statements without corresponding receipts or invoices.

The Treasurer and one other Administrative Committee member will come to the Council's office to prepare and sign checks twice a month. The Treasurer will prepare checks for invoices which have an approved request or standing authorization available. The Treasurer will then sign checks and return the signed checks to the Bookkeeper. A second signature will be required for all payroll checks, checks to the US Treasury Department and Oregon Department of Revenue, and all checks over \$2500. (See section III D) If the Treasurer is unavailable, the TBWC Chair has check signing authority. The Bookkeeper then mails the checks and records any backup information, such as an invoice, packing slip, etc., on to the account coding sheet and files the document by vendor in the

vendor files. A copy of check and back-up documentation also is filed in the appropriate grant file if applicable.

- C. Check Preparation: A copy of the original check document will be attached to the invoice for filing. Void checks are marked VOID. The original check is retained in the VOID check file.
- D. Check Signatures: The Council authorizes check signers. The Chair and Treasurer have check signing ability, as do two Administrative Committee members. Council members responsible for signing checks will come by the Council's office at the beginning and middle of the month. Checks for under \$2500 require one signature. A second signature will be required for all payroll checks, checks to the US Treasury Department and Oregon Department of Revenue, and all checks over \$2500. It is preferred that the Treasurer be the primary check signer. All check signers must review the documentation attached to the checks prior to signing the checks.
- E. Distribution of Checks: Once checks are signed, the Bookkeeper removes the attached documentation for filing and places the check in envelope for mailing. Checks for staff reimbursements or purchases are released to the approved staff member.
- F. Filing Paid Invoices: Once checks have been separated from paid invoices, the invoice, written check request, account coding form check copy are then taped and/or stapled together by the Bookkeeper. These documents are filed by vendor chronologically, i.e. the most recent invoice placed at the top of the file. Reimbursements to employees are filed by employee in the vendor files, treating employees as vendors. When applicable, copies of invoices will also be placed in appropriate grant files.
- G. Employee Travel Expense Procedures: Employees may submit their actual travel expenses with a travel voucher form for reimbursement after the travel. TBWC will not pay for personal items or services while traveling.

Staff mileage reimbursement, using the standard IRS rate, includes the cost of gasoline and wear/tear. Separate gasoline costs will not be reimbursed.

- H. Reimbursement Policy for Council Members: Council members' participation in Council projects is voluntary and unpaid. However, when the Council uses Council member equipment on a project, the Council member may be reimbursed for equipment use. A written reimbursement estimate must be received by the Administrative Committee prior to project implementation for approval. After the project is complete, the Administrative Committee will review the equipment expenses and approve payment. If expenses are higher than anticipated, the

Administrative Committee will have discretion to approve reimbursement up to 50% above the original estimate.

IV. PROCEDURES FOR RECEIPT AND DEPOSITS FOR CASH AND CHECKS

- A. Funds Received at the Office: The Coordinator sorts mail and logs all checks received in the mail prior to giving them to the Bookkeeper.

The information received with grant checks from funders, including any check stub or correspondence, is passed on to the Bookkeeper who files the information in the revenue section of the filing system, which is organized by General Ledger revenue account. When cash payments are received in the office, the employee assigned to maintain the receipts log records the cash receipt in the log.

- B. Cash and Checks Received Outside the Office: Occasionally employees will be given cash and checks at meetings or events held outside the office. Any checks and cash received outside the office are brought back to the office and given to the Coordinator who logs them into the receipts log.

The receipts log is totaled monthly by the Coordinator, and proofed to the cash receipts/accounts receivable journal by the Bookkeeper.

- C. Maintaining the Cash Receipts/Accounts Receivable Journal: The Bookkeeper maintains a manual cash receipts/accounts receivable journal. The journal lists the date received, payer, invoice number where applicable, amount of each receipt. Amounts received through out-of-office collections procedures are entered in the cash receipts/accounts receivable journal with appropriate receipt number references. Cash receipts which lack a receipt number are entered with the words, "Cash sale," or "Cash Donation." Each receipt entered in the cash receipt/accounts receivable journal is then spread to the appropriate column on the journal to indicate accounts receivable payment, direct mail donation, sale of curriculum, workshop registration, etc. The Bookkeeper adds and proofs the pages of the journal, and indicates deposits by skipping a line in the journal and writing the date and the deposit total in the journal.

- D. Bank Deposits: The Bookkeeper will prepare all bank deposits with duplicate deposit slips. Each deposit ties out to the cash receipts/ accounts receivable journal.

The Bookkeeper lists the total cash deposited on the bank deposit slip and on the copy of the deposit slip. The Bookkeeper compares the bank deposit total to the cash receipts/accounts receivable journal total and reconciles any differences before deposit. The Bookkeeper writes the deposit total in the accounting system.

V. PROCEDURES FOR ACCOUNTS RECEIVABLE

Payments from grantors: Payments from grantors received in the mail are opened by the Coordinator, who routes them to the Bookkeeper. The Bookkeeper codes the receipt to the correct fund and account. If it is a cost reimbursement on a grant or contract, the payment is credited against the Grants receivable account in the appropriate fund. Grants and contracts which send an equal monthly payment are treated in the same way as cost reimbursable grants and contracts: payments are credited against Grants receivable, and revenue is recorded based on actual expenses incurred. Grant payments received in advance of the grant period are coded to a deferred revenue account in the appropriate fund. (These funds may be reclassified as Temporarily Restricted revenue by the auditor for the year end audited financial statements.)

VI. BILLINGS, REQUEST FOR PAYMENTS AND FISCAL REPORTS TO FUNDERS

All financial reports to funders are to be prepared directly from the General Ledger/receipts of TBWC by the Bookkeeper. Staff responsible for supervision of grant/contract funded activities will prepare all required narrative portions of funder reports and review all fiscal portions prepared by the Bookkeeper prior to submission.

Whenever feasible, the General Ledger amounts will be established to correspond to funder fiscal report categories. When this is not feasible, the Bookkeeper will prepare worksheets for each fiscal report documenting the source of all information reported by General Ledger account number and funder report line number or caption.

With the exception of OWEB advances for Council Support, Small Grants, Restoration Grants, and restricted monitoring funding, TBWC's standard procedure for receiving payment from federal and state agencies is to request payment after TBWC has incurred the expense. This minimizes the time elapsing between the transfer of funds to the recipient from the funder and the issuance or redemption of checks, warrants or payments by other means for the purposes of the program.

TBWC's general policy for advances will be to estimate costs that will be incurred for the next 90 days. A request for that amount will be made. At the end of that 90-day period, the requested amount will be compared to the actual amount and the request for the next 90 days will adjust for that amount. State or private foundation funds will adhere to the appropriate grant conditions in which they were awarded.

VII. PAYROLL PROCEDURES

- A. Pay Periods: TBWC utilizes a monthly pay period, with paychecks issued on the first day of every month for the last month's hours. If the first day of the month is on a weekend or holiday, the check will be issued the last business day prior to the

first.

- B. Processing of Monthly Timesheets: Each employee is responsible for recording their daily hours worked on a monthly timesheet. Days taken off for sick, holiday, or vacation leave must be recorded on the monthly timesheet and given to their supervisor (Council Chair) for approval on the last working day of the month. Employees are required to record out of office work hours on their timesheets for Workers Compensation reporting requirements. The supervisor reviews the timesheet for correct recording of hours worked and hours taken as sick, holiday, and vacation leave and initials the completed timesheet to indicate approval. Timesheet addendum must be attached and indicate the number of hours worked by project and grant. The supervisor turns in all approved timesheets to the Bookkeeper no later than two days prior to the first Friday of the month.

The Bookkeeper verifies the totals of hours worked and used as sick, vacation, or holiday leave on each timesheet. The Bookkeeper compares the sick and vacation leave to the employee's master record of sick and vacation leave available to verify that hours taken as paid leave were available. The Bookkeeper initials any lines on the timesheet she/he has changed as part of the review process, and adjusted timesheets must be re-signed by the employee and supervisor. The Bookkeeper then completes the vacation and sick worksheets for each employee for that month.

Once the timesheets have been reviewed and corrected, the Bookkeeper fills out a monthly payroll distribution spreadsheet according to the pay rate and hours charged per funding source on the timesheet.

- C. Review and Distribution of Paychecks: The Bookkeeper reviews the payroll documents and initials the payroll journal indicating her/his review, she/he gives the journal to the Treasurer on the 1st of the month. The Treasurer spot checks the payroll, and satisfies her/himself that all employees being paid are bonafide employees and that no payroll amounts appear unreasonable. The Treasurer then prepares and signs the paychecks. A second signature is required on all paychecks.

Once the paychecks are signed by two appointed signatories, they are given to the Coordinator for distribution to the employees. Employees of TBWC may have the option of direct deposit of their paychecks if available.

- D. Payroll Tax Deposits: The Bookkeeper computes all federal and state payroll tax deposit requirements and the quarterly unemployment amounts. The Bookkeeper prepares deposit coupons and checks, and gives them to the Treasurer and the second signatory for signature.

- E. Recording the Payroll Checks in the Checkbook : The Bookkeeper records the total net amount of checks and directly deposited checks in the accounting system with the date, and the words "Net Payroll" or "Net Direct Deposit Payroll" for description. The checks prepared by the Bookkeeper for payroll tax deposits are recorded in the checkbook with all other checks issued by the TBWC that day.
- F. Payroll Records: The TBWC maintains files for the payroll journals and payroll tax reports according to appropriate federal and state guidelines.
- G. Benefit and Miscellaneous Payroll Payments: The Bookkeeper generates checks for health and investment benefits and for any wage garnishments.
- H. Allocation of staff time: The Bookkeeper uses the timesheet records for the month to update the spreadsheet of staff time allocations so that it accurately reflects actual time spent.
- I. Workers compensation reports: The Bookkeeper prepares annual Workers Compensation reports. S/he prepares a worksheet for breaking out hours worked into clerical (for in-office) and out of office classification, and for recording vacation hours. This worksheet is the basis for the final Workers Compensation report.

VIII. DAILY CASH BALANCE

The Bookkeeper maintains a checkbook for the checking account (Excel file). When processing receipts, disbursements, and payroll, the Bookkeeper enters all disbursements into the automated checkbook for the checking account by entering each check on a line including date of check, payee, check number, and amount. On days which include payroll, the automated checkbook will have an additional line for payroll, with the date and total net amount of the payroll.

The Bookkeeper also enters the amounts deposited by date into the checkbook. Deposit entries are made for totals only, showing date and amount. If no deposit is made on a day, no entry is made.

The Bookkeeper computes the daily cash balance in the automated checkbook by adding deposits made to the previous balance and subtracting checks written. The automated checkbook is reconciled to the monthly bank statements. Any bank charges or other bank entries must be recorded in the automated checkbook as soon as notification is received from the bank.

The checkbook is used to determine whether funds are available for disbursements. The Bookkeeper is responsible for projecting cash needs and evaluating whether sufficient cash will be available when needed.

When the Bookkeeper identifies potential cash flow problems, s/he notifies the Coordinator and Administrative Committee. The Coordinator is responsible for resolving cash flow problems.

IX. GENERAL LEDGER

- A. Monthly General Ledger preparation: The Bookkeeper is responsible for preparing the General Ledger each month. S/he is also responsible for initial review of the computer processed General Ledger, and for maintaining files of the printed General Ledgers.
- B. General Ledger entries: TBWC's General Ledger is maintained by the Bookkeeper.

The Bookkeeper enters all disbursements into the computerized General Ledger, maintaining one set of journals for cash disbursements and one set for payroll cash disbursements. S/he proofs the cash receipts/accounts receivable journal and verifies month end totals, and enters all deposits into the General Ledger using a revenue receipts journal. She prepares a set of General Journal entries from the information provided, recording:

- Accounts receivable sales
- Accounts payable
- Prepaid expenses
- Salary reduction plan adjustments to employee benefits (from the payroll journal)
- Payroll taxes (from a worksheet she prepares based on the payroll journal)
- Vacation time accrued by employees
- Vacation time used by employees
- Interest earned on bank accounts (from the bank statements)
- Any other bank account activity not recorded through cash receipts or cash disbursements (such as electronic drawdowns or bank charges)
- Any adjustments to accounts receivable (from the accounts receivable reconciliation)
- Any adjustments to prior months (these are coded into the current month)

After posting these entries, the bookkeeper reconciles the Cash in Checking account to the bank statement, verifies balances in the accounts payable, accounts receivable, prepaid expense, and payroll liability accounts, and prepares a second set of General Journal entries. These entries correct any errors in posting and record:

- Grants and contracts receivable and revenue earned for the month, based on

expenses incurred in the month for each reimbursable grant or contract (this procedure is followed even if the grantor sends equal monthly payments)

- Deferred revenue recognized/grant revenue earned, based on expenses incurred in the month for each grant which has advanced TBWC money

After posting these entries and proofing the financial statements, she prints out a full set of financial statements and the month's General Ledger in detail, and prepares an updated list of accounts payable.

- C. Review of the General Ledger and Financial Statements: The Bookkeeper then makes photocopies of the statements for the Board, files the financial statements and the General Ledger printouts. If the Bookkeeper notes any questionable variances in comparing actual to budget, she meets with the appropriate program manager and/or project director to determine what happened and whether further action is needed to correct the problem.

X. FINANCIAL STATEMENTS

The monthly financial statements include both a Balance Sheet and a Statement of Support, Revenue, and Expenses. The revenue and expense statement includes both the current month and the year to date amounts and a comparison to budget. Separate revenue and expense statements by grant and contract (fund) are prepared to facilitate monitoring the various grants, and statements which break out costs by cost center (functional statements) are also provided.

The Bookkeeper has primary responsibility for monitoring the financial statements and alerting Council members to financial choices or issues. The Coordinator is responsible for assuring overall compliance with grant and contract agreements, and consequently must monitor the financial activity for each grant/contract and take corrective action if issues occur.

XI. BUDGET PREPARATION AND REVISION PROCEDURES

The Bookkeeper and Administrative Committee will prepare TBWC's organizational budget for each fiscal year, by fund, cost center, and line item. The budget is reviewed with the Coordinator and the Treasurer, who present it to the full Council for discussion and approval.

Revisions to the annual budget are necessary when new funding sources are received mid-year. The Bookkeeper prepares budget revisions, including both the new funding source budget and any changes to other budgets caused by changes in cost allocations. The revisions are reviewed by the Coordinator and the Treasurer, who then present the

revisions to the full Council for approval.

XII. PROCUREMENT POLICY AND PROCEDURES

- A. Policy. It is TBWC's policy to consistently seek contractors, consultants, and suppliers whereby all factors including cost; technical competence; ability to make timely deliveries; and the quality and performance of their products and services are evaluated and approved by staff and/or the TBWC Administrative Committee. If any contractors, consultants and suppliers are members of the Council or are considered "disqualified persons" as defined by Internal Revenue Code section 4958 and described in paragraph E, the conflict of interest provisions of paragraph E shall be followed.

Notwithstanding any provision of this policy, applicable federal and state laws, rules, and regulations shall govern in any case where federal or state funds are involved and conflict with any of the provisions of this policy and/or require conditions not authorized by this policy.

- B. Procurement of Goods. For the purchase of an item costing more than \$500, staff documents in writing that two other comparable items were evaluated in addition to the one purchased. For the purchase of an item valued at over \$2,000, TBWC staff will receive approval from the Administrative Committee prior to making the purchase.
- C. Contracts for Services. A TBWC "contract" is defined as a written agreement drafted on a Council-approved template authorizing in-kind or cash payment for services. TBWC negotiates and executes contracts subject to the following procedures:
1. Competitive Bidding. Competitive bidding is not required for the procurement of services valued at less than \$3,500. However, for services valued at greater than \$500, staff documents in writing that two other service providers were evaluated in addition to the one selected.

Services estimated at a value between \$3,500 and \$40,000 require a minimum of three *formal or informal* quotations or bids* from potential contractors.

A minimum of three *formal* bids* shall be obtained for all contracts valued at \$40,000 or more.

- * Note: Formal bids are those which contain a detailed scope of work, budget, timeline, and statement of qualifications/competence. Informal bids may be written in any form (email, fax, memo

etc) and may or may not contain a detailed scope of work and budget. In the event that the TBWC is unable to obtain three bids despite reasonable efforts to do so, the selection and hiring of contractors will proceed according to the rules established in Section C3 - "Review and Execution" below.

2. Direct Appointment of a Single Contractor. The TBWC will enter in contracts without competitive bidding only if the contractor is not a member of the Council or considered a disqualified person as defined by Internal Revenue Code section 4958 and described in paragraph D and one of the following conditions is met:
 - The contractor has a specialized background or expertise that cannot reasonably be expected to be found elsewhere in the marketplace.
 - A condition exists in which the project cannot be undertaken if competitive bidding requirements are met.
 - The TBWC acts as project sponsor or fiscal agent for a contractor in accordance with the TBWC Grant Sponsorship Policy.
 3. Bid Selection and Contract Execution. TBWC staff execute contracts only after consultation with and approval from the Administrative Committee. Contracts valued at more than \$ 20,000 require prior approval from the Council before execution.
- D. Salary rate limits for Contractors: Contractors and subcontractors will not be paid a maximum daily rate (excluding overhead) exceeding rates outlined in 40 CFR 30.27 (b). This limitation applies to individuals with specialized skills who are paid at a daily or hourly rate. This rate does not include normal travel reimbursements.
- E. Conflict of Interest: Awards of funds in any amount may be made to Council members, member organizations of the Council or disqualified persons as defined in Internal Revenue Code section 4958 and described below that have a financial or non-financial interest in the award or project only if the award was made through a "competitive process", described below, and the member recused him/herself from all deliberations and decisions relevant to the award. No sole source contracts in any amount shall be let to any employee of TBWC, Council member, other persons related to those parties, or disqualified persons as defined in Internal Revenue Code section 4958 and described below . Awards of federal funds shall adhere to OMB Circular A-122. No vendor may be employed or used by the TBWC for which there exists a conflict of interest, real or perceived, between any member of the staff or the Council and the contractor except as provided herein. All members of the staff and Board shall declare such conflict if

it exists.

"Competitive process" means that the procedures for procurement of goods in Subsection B and contracts for services in Subsection C are followed. All conflict of interest transactions shall be approved by a majority of all the members of the board who have no direct or indirect interest in the transaction. If a majority of directors vote to approve the transaction or arrangement, a quorum is present for the purpose of taking action, except that such transaction or arrangement cannot be approved by a single director. All conflict of interest transactions shall be documented to include the names of the persons who had a conflict of interest, the nature of the financial interest, a summary of the discussion to determine whether a conflict was present, the names of the directors present for the discussion and vote related to the transaction or arrangement, a summary of the discussion, and a record of the vote taken.

"Disqualified persons" are defined by Internal Revenue Code (IRC) section 4958 and generally include directors, past board members, Executive Director substantial contributors and those related to these individuals. A "disqualified person" is generally any person who exercises substantial influence over the corporation within a five year period ending on the date of the transaction in question and this person's family members or others connected to this person through business and/or investment (certain 35% controlled entities). Related parties are defined by the IRC to include spouse, siblings, spouses of siblings, ancestors, children, grandchildren and great-grandchildren and spouses of all such children.

Personnel Guidelines

Tillamook Bay Watershed Council

Adopted: January 30, 2007

Updated: June 24, 2008

Table of Contents

1.	INTRODUCTION.....	1
2.	NONDISCRIMINATION.....	1
3.	RECRUITMENT PROCEDURES	2
4.	COMPENSATION	2
5.	WORK SCHEDULE AND FLEX TIME	3
6.	HOLIDAY SCHEDULE.....	3
7.	PARENTING LEAVE	3
8.	ANNUAL LEAVE (Vacation Time)	4
9.	SICK LEAVE	Error! Bookmark not defined.
10.	COMPASSIONATE LEAVE.....	4
11.	JURY DUTY	5
12.	MILITARY LEAVE	5
13.	TRAVEL EXPENSES	5
14.	HARASSMENT POLICY	6
15.	SUBSTANCE ABUSE.....	6
16.	BENEFITS	6
17.	PERFORMANCE REVIEWS	6
18.	EMPLOYMENT REFERENCES.....	7
19.	TERMINATION	7
20.	CONFLICT RESOLUTION PROCEDURES	7
21.	WORK PRODUCTS AND FILES	8
22.	COMPUTERS AND ELECTRONIC MAIL	8
23.	CONSULTANT FEES, HONORARIA AND GIFTS	8

24. CONFLICT OF INTEREST	9
Employee Acknowledgement	9

1. INTRODUCTION

The Tillamook Bay Watershed Council (TBWC) is committed to fair, clearly stated, and supportive relationships between the TBWC Board and its staff. The personnel guidelines of the TBWC have been established in order to provide a guide to the personnel practices of the TBWC and to ensure consistency of personnel decisions. It is the intention of the TBWC to administer the personnel programs in a manner which complies with all applicable federal, state and local regulations. This document is designed to provide guidance to employees at the TBWC. It is not a part of any contract between the TBWC and its employees. It is only a set of guidelines for personnel practices. These guidelines may be revised at any time by the Board of Directors of TBWC.

At-Will Employment

All employees of TBWC are "at will employees". There is nothing in these guidelines that should cause an employee to believe otherwise. An "at will employee" means that an employee may be terminated at any time with or without cause and with or without notice without subjecting the TBWC to a claim for breach of an employment contract or any other wrongful termination claim.

Employee Classification

All employees are classified as either regular or temporary. Regular employees are employees hired without a specific termination date. Temporary employees are employees whose position at the time of hire is for a short-term period. Terms of employment will depend on organizational needs, and in no case will a temporary position be construed as being a contract for a definite time. Employees also are classified as either exempt or non-exempt according to provisions of chapter 652 of the Oregon Revised Statutes.

- Regular Full-time Employees are those employees who work 40 hours per week.
- Regular Part-time Employees (without Benefits) are those employees working less than 40 hours per week.
- Temporary Employees are those employees who are paid hourly under a Letter of Agreement for a specified period of time.
- Exempt or Non-Exempt Status: Oregon law provides that certain salaried employees are exempt from overtime and minimum wage requirements. These employees are known as "Exempt" employees. All other employees are considered "Non-Exempt" and are subject to overtime and minimum wage requirements. TBWC carefully analyzes each position to determine the correct classification for the job and employees are notified as to their classification.

2. NONDISCRIMINATION

The policy and intent of the TBWC is to not discriminate in its employment practices against any individual or any other person with whom the individual associates because of an individual's or person's race, color, religion, national origin, marital status, sex (including pregnancy and,

childbirth) or age or because of a juvenile record that has been expunged according to law. Further, TBWC will not discriminate against an individual solely because another member of an individual's family works or worked for TBWC unless that individual would be required to be in a supervisory position or being supervised by such family member. This policy of nondiscrimination applies to all aspects of employment practices including, but not limited to, recruiting, hiring, placement, promotion, demotion, transfer, training, compensation, benefits, and termination.

3. RECRUITMENT PROCEDURES

The TBWC intends to recruit, hire, and place applicants on the basis of the applicant's relative knowledge, skills, and abilities. The decision to employ an applicant will be based solely on the individual's qualification for the particular position along with other requisite job skills.

Minimum qualifications shall be specified in the job description.

Unless otherwise determined by the Administrative Committee, when a new position is established, the Executive Director will prepare a job announcement identifying the position's responsibilities and overall relationship to the TBWC for posting or circulation within the TBWC and for public notification. Posted positions will be open for a minimum application period of 7 days.

4. COMPENSATION

Persons employed by the TBWC will receive a salary or wage as determined at the time of hire. At the time of hire, new employees will receive a letter of hire, a job description, salary and benefits detail and a copy of the personnel policies. The magnitude of the work assignments and the full scope of responsibility for the position will be fully discussed at time of hire. In setting compensation, the TBWC may consider, among other things, external labor market rates, equitable relationship with other jobs within the TBWC and the TBWC's ability to pay. The Board of Directors will determine the Executive Director's salary and the Executive Director will determine the salary of other employees.

TBWC utilizes a monthly pay period, with paychecks issued on the first day of every month for the last month's work completed. If the first day of the month is on a weekend or holiday, the check will be issued the last business day prior to the first.

Each employee is responsible for recording their daily hours worked on a monthly timesheet. Exempt employees are requested to track estimated hours for purposes of grant requirements and governance practices and not for calculating actual hours worked. Days taken off for sick, holiday, or vacation leave must be recorded on the monthly timesheet and given to their supervisor for approval on the last working day of the month. Employees are required to record out of office work hours on their timesheets for Workers Compensation reporting requirements. The supervisor reviews the timesheet for correct recording of hours worked and hours taken as sick, holiday, and vacation leave and initials the completed timesheet to indicate approval. Timesheet addendum must be attached and indicate the number of hours worked by project and grant. The supervisor turns in all approved timesheets to the Bookkeeper in accordance with the procedures established by the fiscal policies of TBWC.

Once the timesheets have been reviewed and corrected, the Bookkeeper fills out a monthly

payroll distribution spreadsheet according to the pay rate and hours charged per funding source on the timesheet. Once the paychecks are signed by two appointed signatories, they are given to the Executive Director for distribution to the employees. Employees of TBWC may have the option of direct deposit of their paychecks if available.

For purposes of this section, the "supervisor" for the Executive Director is the Council Chair or Chair's designee and the "supervisor" for all other employees is the Executive Director.

5. WORK SCHEDULE AND FLEX TIME

The standard full-time work week is comprised of forty (40) hours of work on five days of eight hours each day. The standard week is the seven day period beginning Monday and ending on Sunday. The TBWC is generally open for business during the customary business hours from Monday through Friday. Non-exempt employees will work only 40 hours in a standard week except in the situation where the Executive Director authorizes overtime. The Executive Director may, in his or her discretion, permit an employee to take compensatory time for hours worked during the same week. Exempt employees are permitted to determine the hours they work during each standard week provided that the needs of TBWC are met and in accordance with guidance from the Chair.

6. HOLIDAY SCHEDULE

Official holidays are as follows:

- New Year's Day - January 1
- Martin Luther King Holiday – January
- President's Day - February
- Memorial Day - May
- Independence Day - July 4
- Labor Day - First Monday in September
- Veteran's Day - November
- Thanksgiving Day - Fourth Thursday in November
- Day after Thanksgiving Day - Fourth Friday in November
- Christmas Eve – December 24
- Christmas Day - December 25
- One flex holiday

When New Year's Day, Independence Day, or Christmas Day falls on a Sunday, the following day shall be considered the official holiday. When these holidays fall on a Saturday, the preceding Friday shall be considered the official holiday.

7. PARENTING LEAVE

Although the TBWC is exempt from compliance with any federal and state family or parental leave laws, the TBWC, as a policy, desires to assist new parents in balancing the demands of working and caring for children. The TBWC will provide up to 12 weeks of unpaid family leave to any regular full time employee for the birth or adoption of a child. Leave must be initiated

within six weeks of the birth or adoption of the child, unless otherwise approved by the Executive Director, or in the case of the Executive Director, the Chair. The use of the 12 weeks shall be at the discretion of the employee and shall be discussed with the Executive Director, or in the case of the Executive Director, the Chair, as to its impact on ongoing work responsibilities and other employees. Although a maximum of 12 weeks is available, an employee may utilize accumulated sick leave as well as annual leave to enable either partial payment for or extension of the basic 12 week period. Special circumstances shall be reviewed by the Executive Director, or in the case of the Executive Director, the Chair. Accrual of leave benefits cease during an approved leave. Upon completion of leave, the employee will be allowed to return to the same or a substantially similar position at the same salary as the employee earned prior to the leave.

8. ANNUAL LEAVE (Vacation Time)

Regular employees who work at least 40 hours per week are eligible to accrue vacation days. After six months of continuous employment, an employee's vacation accrual begins retroactively from date of hire. For full time employees the accrual rate per year is as follows:

- 10 hours per month 15 days per year

To be eligible to access vacation credits, an employee must have been employed by the TBWC for six full consecutive months. No vacation credits can be carried into the TBWC's next fiscal year without Administrative Committee approval. Upon termination of employment with the TBWC or retirement, unused, accrued vacation time for the year of termination is paid to the employee.

Employees may use their annual leave as earned if absence from assignment does not unduly provide an impediment for completion of an assigned task or prevent other staff from completion of their work assignments. The Executive Director, or for the Executive Director, the Chair, must approve scheduled absences and the employee should request such leave as soon as possible, with a minimum of two weeks in advance.

Special Leave

Special leaves of absence without pay may be granted an employee at the discretion of the Executive Director, or for the Executive Director, at the discretion of the Administrative Committee.

9. SICK LEAVE

The TBWC will provide up to twelve working days each employment year to each staff person to be utilized for purposes of addressing health needs. Compensation will be based upon the employee's salary rate at the time sick leave is taken. Sick leave may be utilized at the discretion of the employee and is granted for sickness of the individual employee, his or her spouse/partner, children, or other immediate family members. Sick leave can also be used for health needs, e.g. dental or medical appointments. Each staff person of the TBWC should notify the supervisor each day they will be absent from work due to illness, if at all possible.

Accrual of sick leave is at a rate of 8 hours per month for each full month of service. Sick leave may be accumulated up to a maximum of 12 days and may be carried over from one employment year to the next. At no time will compensation for any unused sick leave be made to an employee who is leaving employment.

If requested by the Executive Director, or for the Executive Director, the Chair, the employee will provide documentation from their treating physician explaining their absence.

10. COMPASSIONATE LEAVE

Employees of the TBWC shall be granted up to three working days with pay due to a death in their immediate family (mother, father, sister, brother, spouse/partner, children, in-laws, grandparent, and grandchildren). The Executive Director, or for the Executive Director, the Chair, will consider special cases on an individual basis.

11. JURY DUTY

Employees should notify the Executive Director, or in the case of the Executive Director, the Chair, when summoned for Jury Duty. The supervisor and the employee will discuss the potential time commitment of jury duty and the needs of TBWC to determine the manner in which to handle the summons. In no event, however, will TBWC discharge an employee or threaten to discharge an employee because of jury duty service.

12. MILITARY LEAVE

TBWC intends to fully comply with Oregon and Federal laws as it relates to service by an employee in the uniformed services or National Guard. Any Employee who is absent on their annual two week reserve or National Guard Duty or called up to active duty in the military should consult with the Executive Director, or in the case of the Executive Director should consult with the Chair to discuss the leave policies applicable to such absence.

13. TRAVEL EXPENSES

TBWC covers reasonable costs of travel (transportation and hotels) related to TBWC business. In order to reduce the cost of travel, staff is urged to book travel sufficiently in advance of the travel dates to get the best rates. Employees may request a travel advance by submitting an approved request in the regular weekly check-writing cycle. The least expensive flight that does not unreasonably delay the traveler must be chosen. Only the cost of coach airfare will be reimbursed.

Costs deemed to be excessive upon review by Executive Director, or for the Executive Director, the Chair will not be fully reimbursed. This applies to all travel costs. TBWC will reimburse employees for expenses they have actually incurred. Generally speaking, expenses for all meals and associated reasonable out-of-pocket costs when traveling on business for TBWC are reimbursable. If a trip begins after breakfast or ends before dinner, the cost of the meal will not be reimbursed. Receipts from restaurants must indicate the total cost of the meal, the date, and the names of the diners. Tips are not reimbursable. Receipts must be provided for hotel costs in order to receive reimbursement.

Once a trip has been completed, an employee must complete an Expense Report that includes all travel related expenses including any travel advances received by the employee. TBWC reimburses for mileage at the IRS rate. Authorization of each Expense Report must be obtained by the Executive Director before payment will be made. The Executive Director must get the Chair to approve his or her Expense Report.

14. HARASSMENT POLICY

It is the TBWC's belief that the employees of the TBWC are the primary means by which the goals and objectives of the TBWC will be met. To that end, the rights of all employees must be respected. All employees of the TBWC must understand its position on harassment. By definition, harassment is any unwanted attention or action prohibited by law by someone in the workplace that creates an intimidating, hostile, or offensive work environment, including sexual harassment. The procedure for reporting and dealing with this very sensitive issue is as follows:

- If a person's behavior makes an employee uncomfortable, the employee should feel free to immediately advise the person that, in the employee's opinion, the behavior is inappropriate and that the employee would like it stopped.
- If the employee is not comfortable discussing the issue with the person, or if the person fails to respect an employee's request, the employee should report the incident to the Executive Director or if the situation involves the Executive Director, to the Chair.
- In all instances, a prompt, thorough, and fair investigation will take place, giving careful consideration to protect the rights and dignity of all people involved. The TBWC will take those steps necessary to resolve the problem, which may include verbal or written reprimand, suspension or termination.

No retaliation of any kind will occur because an employee has reported an incident of suspected harassment. The Executive Director, or if the situation involves the Executive Director, the Chair, to whom the complaint was made, will work to establish mutually agreed upon safeguards against retaliation while attempting to mediate any sexual harassment complaint.

15. SUBSTANCE ABUSE

The TBWC is a drug-free workplace. Employees needing help with a substance abuse problem are encouraged to contact the Executive Director, Chair or a treatment facility. Early recognition and treatment are critical to any program to curb abuse and to enhance the employee's ability to perform satisfactorily. The TBWC finds that both the employee and the TBWC will benefit greatly from early substance abuse recognition and treatment. No person will be penalized for seeking or accepting counseling or treatment for a substance abuse problem.

16. BENEFITS

The TBWC is unable to provide fringe benefits, other than holiday and leave days as provided specifically in these guidelines, and cannot guarantee salary increases for merit or inflation.

17. PERFORMANCE REVIEWS

Evaluations are used as a communications tool to discuss an employee's strengths and areas needing improvement as well as matters related to the operations of TBWC. A performance evaluation does not necessarily generate a change in compensation.

An employee's job performance will be reviewed and evaluated on a regular basis. Interim evaluations may occur at the initiation of the Executive Director, or for the Executive Director,

the Chair, or initiated by the employee.

18. EMPLOYMENT REFERENCES

When the TBWC receives a request for information from another person or entity about an employee, either during employment or after the employee's employment has ended, it is the TBWC's policy to provide only the following:

- dates of employment
- last job title

In general, TBWC policy is not to furnish any other information about work performance or employment, unless the employee specifically directs it to do so. If an employee does not authorize the TBWC to furnish any additional information, it will advise the requesting person or entity that TBWC's policy is to provide only the information above.

19. TERMINATION

Resignation

Any employee of the TBWC may resign by submitting a letter of resignation to the Executive Director or in the case of the Executive Director, the Board of Directors, at least ten working days prior to the effective date of the resignation.

At the time of the effective date of the resignation, the employee shall be able to use any accrued annual leave or the employee shall be paid for all unused accrued annual leave. If the employee has used all annual leave due prior to resignation, all hours used in excess of those earned shall be deducted from the employee's final paycheck at the rate of salary paid at the time of resignation. No employee shall be compensated for any unused sick leave at the time of resignation.

Other Discharges

TBWC has the right, according to its "employee at will" practices described in these guidelines to terminate the employment relationship with or without cause and with or without notice just as an employee can resign in the same way notwithstanding the request of TBWC for notice.

TBWC, however, may choose to discipline and/or discharge an employee for many reasons. Unsatisfactory performance means failure of an employee to meet performance standards, to complete tasks in a timely, competent way, or to maintain an adequate attendance record. Uncooperative behavior or negative attitudes that affect the work or morale of others may result in termination.

20. CONFLICT RESOLUTION PROCEDURES

It is a fundamental policy of the TBWC to have a workable system for employees to get questions answered and work-related problems resolved. Many conflicts can be resolved using the following approach:

1. First an employee could try to work out the problem directly with the person involved.

2. If an employee cannot resolve the problem or is uncomfortable dealing directly with the other person, an employee should inform the Executive Director, or for the Executive Director, inform the Chair.
3. If the employee and the Executive Director are unable to resolve the problem after a serious attempt, or the issue directly involves the Executive Director, or for the Executive Director, the Chair, the employee should make an appointment with the Administrative Committee, who after hearing all sides, conducting any necessary investigations, will make a recommendation for the employee's consideration.
4. If the problem remains unresolved, an employee or the Administrative Committee may present the issue to the full board of directors for consideration. The board of directors will have final decision-making authority for employment related conflicts.
5. Employees are not required or expected to tolerate any form of unlawful conduct, such as sexual harassment. All such conduct should be reported as provided in Section 14 and this section of these guidelines.

21. WORK PRODUCTS AND FILES

All supplies, materials, and work products of an employee if compensated for or purchased by TBWC shall remain the property of the TBWC during an employee's employment and after resignation or termination of that employee. The employee may retain any personal files, but work files and other papers shall remain with the TBWC.

22. COMPUTERS AND ELECTRONIC MAIL

Computers and electronic mail are provided to employees to assist them in the performance of their job duties. Computers and electronic mail are the property of TBWC and may be accessed by the TBWC in the ordinary course of business. Employees should have no expectation of privacy in the information contained in their computers or electronic mail. Computers and electronic mail are to be used for TBWC business. Personal use must be limited and not abused. No commercial, discriminatory, offensive, harassing or disruptive messages may be sent by electronic mail. Computers must not be used for any purpose that is illegal, against policy, or causes discredit to the TBWC.

23. CONSULTANT FEES, HONORARIA AND GIFTS

All employees are encouraged to participate in a variety of community and professional activities. In those instances where an employee's activities are part of their regular duties and responsibilities, any payment will be turned over to the TBWC. All fees derived from TBWC reports, activities, events, or speaking engagements while employed by the TBWC shall also be turned over to the TBWC. Employees shall not accept any gratuity or favor from any commercial firm or individual doing or seeking to do business with TBWC.

In some instances, an individual may do work that is based on activities or experiences prior to or separate from their regular duties and responsibilities at the TBWC. To avoid actual or

appearance of conflict of interest, any employee who engages in any remuneration activity in any field directly related to TBWC programs must have prior approval by the Executive Director. The Board will review these issues for the Executive Director. No employee may formally represent himself/herself as a spokesperson for TBWC without prior approval of the Executive Director.

24. CONFLICT OF INTEREST

The Executive Director is the only employee of TBWC in a position to award and/or administer contracts, hire sub-contractors, or engage in procurement activities and must disclose to the Chair if there is a personal or familial relationship, the disclosure or non-disclosure, of which, might call into question the impartiality of the Executive Director. If such a relationship exists, the Administrative Committee must review and approve, in writing, the transaction or contract before it is executed. Violation of this policy will at a minimum result in a written performance warning and, notwithstanding all other provisions of the TBWC Personnel Guidelines, could constitute grounds for termination.

Employee Acknowledgement

I acknowledge that I have read, understood, and will operate within the guidelines outlined in this copy of the TBWC Personnel Guidelines. I understand that these guidelines provide only a general reference and are not a full statement of TBWC's procedure nor are they a contract. I will update these policies as I am provided with new materials from the Executive Director or the Chair of the Council. I further understand that I am an "employee at will" as describe in these guidelines.

Employee Signature: _____ Date: _____
Received by TBWC: _____