

DCTA Financial Management Series

Standards of Accounting Policies and Procedures



Background / Introduction



During the preparation of the needs assessments for many distressed cities, our team identified opportunities for organizations to strengthen its financial management infrastructure by implementing and disseminating accounting policies and procedures that represents senior leadership's values.

Accounting Policies and Procedures provide an organization a consistent, documented approach to mitigate material errors and omissions on the entity's financial statements or its Federal Financial Reports.

Learning Objective



To obtain an understanding of the impact adequate Accounting Policies and Procedures have on an organizations reporting, compliance and financial environment.

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Adequate Policies and Procedures Begins with Internal Controls

Documented policies provide reasonable assurance that the recipient/ subrecipient can achieve the goals and objectives of the Federal award in a cost-effective manner.

- Control Environment
- Control Activities
- Risk Assessment
- Information and Communications
- Monitoring

Internal Control Basics



- **Control Environment** - The foundation of the organization, where organizational integrity, ethical values, commitment to competence and philosophy reside. **The Tone at the TOP.**
- **Risk Assessment** - What are the risks to your organization?
- **Control Activities** - What activities are being performed to mitigate identified risks?
- **Information & Communication** - What information are you capturing with the Control Activities, to whom are you communicating this information, and how are you communicating this information?
- **Monitoring** – Maintains consistency and accuracy at the control level and ensures senior leadership goals are met.



Internal Controls



Simply put, Internal Controls are those activities performed to ensure that what an organization want to happen will and the things wanting to prevent will not.

Standards for Policies and Procedures



The Impact of effective internal controls on the organization's accounting policies and procedures:

- Internal Controls are critical in achieving operational, strategic, compliance, and reporting objectives.
- Your organization's accounting P&P document, is the road map for delivering the control environment (the tone at the top) to all personnel of the organization.
- Inside your P&P document are the steps senior leadership have approved to ensure Operational, Strategic, Compliance and Reporting objectives across the entire organization.

Policies & Procedures –Typical Outline



I. GENERAL POLICIES:

- **Organizational Structure** – Governance, (role and structure council/board as appropriate) communicate department heads, roles and key staff.
- **Finance Department** - Structure, Responsibilities, standards for financial management system.
- **Business Conduct** – Ethical Behavior, Compliance with laws and regulations and organizational policies.
- **Security** – Finance Department, Electronic Data, General Office, Consumer Information
- **General Ledger and Chart of Accounts** – Overview, Distribution, Estimates, Journal entries, Reconciliations, Spreadsheet management

Policies & Procedures –Typical Outline



- II. Policies Associated with Revenues and Cash Receipts
- III. Policies Associated with Expenditures and Disbursements
- IV. Policies Pertaining to Specific Assets Accounts
- V. Policies Pertaining to Liability and Equity
- VI. Policies Associated with Financial and Tax Reporting (including Retention)

Schedule of Monitoring



Version History

Version	Status	Date	Author	Authorize Signature Board/Council) Approval
Version 1-2010	Approved	1.2.2011	Financial Monitoring Team	
Version 6-2015	Approved	5.6.2016	Monitoring/Review Team	
Version 7-2021	Draft			

Resources



- [HUD Exchange](#)
- [Uniform Administrative Guidance, Cost Principles, And Audit requirements for Federal Awards](#)