FAIRBANKS NATIVE ASSOCIATION

FINANCIAL POLICIES

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INTRODUCTION

This manual is to be used by Fairbanks Native Association, Inc. (FNA) as a guide in the operation of its financial system. The system is structured so that the accounting procedures will be standardized, yet flexible enough to allow for individualities and particulars of any of FNA's program funding agreements. Where the need for internal control is consistent, the manual is highly detailed and definitive and procedures are standardized. On the other hand, where differences in operations, programs, etc. are allowed, the procedures and formats are less structured so that the system will be responsive to individual program needs and requirements.

BOARD OF DIRECTORS INVOLVEMENT

The day-to-day fiscal responsibilities of FNA are assigned to its Accounting Department. However, ultimate authority and responsibility for the overall management of FNA rests with the Board of Directors. The Board Treasurer serves as the key financial contact. Accounting and auditing standards require the establishment of a Finance Committee to assure FNA’s financial health and compliance.

STAFFING CONSIDERATIONS

The fiscal management of FNA involves the following positions:

- Board of Directors
- Finance Committee
- Executive Director
- Director of Finance
- Director of Human Resources

This staffing represents the minimum level needed to achieve segregation of duties within the Accounting Department. Appendix A provides the FNA Organizational Chart and job descriptions for these positions.

The direct supervision of financial operations is the responsibility of the Director of Finance (Director of Finance means the Director of Finance or his/her designee). The basic functions and activities of the Director of Finance include the following:

1. Planning (budgeting) operations, for both the short and long run, in order to produce a comprehensive coordinated approach to the achievement of FNA’s objectives.

2. Recording and summarizing all of FNA’s financial transactions in order to provide an accurate statement of financial conditions and operating results.

3. Measuring and evaluating actual performance against meaningful standards in order to assist functional managers in controlling operations and accomplishing the operational plan.

4. Reporting the results of operations to various levels of management in order to link the planning, recording and measuring functions into an effective control process.

5. Advising the Executive Director as to the total operational performance and the impact of external factors in order to both evaluate the current status of operations and to establish policies for the future.
6. Defining goals and objectives as well as priorities for FNA Information Services.

The Director of Finance in turn delegates certain areas of responsibility to others within the Accounting Department. This process forms the organizational pattern of FNA’s finance functions. The work activities required for organizational performance are separated through the process of vertical and horizontal differentiation (i.e., dividing FNA into operational units). Vertical differentiation established the hierarchy and the number of levels in FNA. Horizontal differentiation separates activities so they may be performed more effectively and efficiently. The FNA financial operation is functionally organized as follows:

- Accounts Payable/Disbursements
- Payroll
- General Ledger
- Purchasing/Travel
- Accounts Receivable/Billing
- Budgeting/Accounting

Direct line supervision is defined as the direct supervision of activities performed within the operational unit. Indirect supervision is identified as prescribing the policy and procedures used in the performance of activities within the operational unit. The formal FNA structure is the main vehicle for organizing and administering work activities. The attainment of FNA objectives is dependent on the coordination of assembling and synchronizing differentiated activities so that they function smoothly and harmoniously.

FNA contracts with various Federal and State of Alaska granting agencies as well as private organizations to perform various management services of social service and education programs. These funding sources make up the majority of revenue for FNA.

These resources are limited to specified purposes and activities. In addition to the "external" restrictions imposed by funding agencies, management has also designated specific purposes for which unrestricted resources may be used. In any event, using the resources in accordance with stipulations inherent in their receipt and reporting on this compliance to others is an essential custodianship obligation.

Funds are established to control earmarked resources and both ensure and demonstrate compliance with legal or administration requirements. A fund is defined as:

A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with related liabilities, and residual equities or balances and changes therein which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The fund concept involves accounting segregation, not necessarily the physical separation of resources. The focal point of fund accounting and reporting is expendable resources, accounted for in expendable fund entities and allocated by the budget and appropriation process. FNA utilizes a "hybrid" fund accounting system in that cash and other assets are not always segregated by fund. That is to say, except for vendor payables and certain control accounts, the assets and liabilities are all recorded in a "General Fund". This method allows easier tracking of receivables, cash, other assets and liabilities for the whole of FNA.
1. INTERNAL CONTROL STRUCTURE

Background
The internal control structure consists of policies and procedures that have been established to achieve FNA’s objectives. More specifically, the control structure represents those policies and procedures that affect FNA’s ability to process, record, summarize, and report financial information. This structure is established and maintained to reduce the potential unauthorized use of FNA’s assets or misstatement of account balances.

The internal control structure is composed of the following basic elements: (1) the control environment; (2) the accounting system; (3) control procedures; and (4) the accounting cycle.

Code of Conduct

No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by State of Alaska or Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner or significant other, or an organization which employs or is about to employ any of the parties indicated herein, has a significant and material financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subcontracts. Violations of such standards by officers, employees, or agents of FNA shall result in a review and appropriate disciplinary actions up to and including dismissal.

(1) The Control Environment

The control environment reflects the importance FNA places on internal controls as part of its day to day activities. Factors that influence the control environment can include management and Board of Directors philosophy; organizational structure; ways of assigning authority and responsibility; methods of management and control; personnel policies and practices; and external influences such as significant funder expectations.

(2) The Accounting System

The accounting system comprises the methods and records used to identify, assemble, classify, record, and report accounting transactions. At a minimum, it is set up to:

1. Identify and record all of FNA’s transactions;
2. Describe the transactions in enough detail to allow classification for financial reporting;
3. Indicate the time period in which transactions occurred in order to record them in the proper accounting period.

(3) Control Procedures

Control procedures are the procedures set up to strengthen FNA’s internal control structure and safeguard FNA assets. They are divided into the following:

• Segregation of Duties: Allocation of tasks is needed so that one individual does not have the ability to both make an accounting error (either intentionally or unintentionally) and also cover it up. This
principle requires that the person with physical access to cash or other movable assets should not also be involved in related record keeping.

- **Restricted Access**: Physical access to valuable and movable assets is restricted to authorized personnel.

- **Document Control**: To ensure that all documents are captured by the accounting system, all documents must be pre-numbered and the sequence for documents must be accounted for.

- **Processing Control**: This is designed to catch errors before they are posted to the general ledger. Common processing controls are the following: batch controls; source document matching; clerical accuracy of documents; and general ledger account code checking.

- **Reconciliation Controls**: These are designed to catch errors after transactions have been posted and the general ledger has been run, reconciling selected general ledger control accounts to subsidiary ledgers.

### (4) The Accounting Cycle

The overall purpose of an accounting system is to accurately process, record, summarize and report transactions of FNA.

The component bookkeeping cycles fall into one of four primary functions:

1. **Revenue, accounts receivable, and cash receipts**
   Key steps in this area are:
   - Processing cash receipts
   - Making deposits
   - Recording cash receipts in the general ledger and subsidiary records
   - Performing month-end reconciliation procedures

2. **Purchases, accounts payable, and cash disbursements**
   Key steps in this area are:
   - Authorizing the procurement of goods and/or services
   - Processing purchase transactions
   - Processing invoices
   - Issuing checks
   - Recording checks in the general ledger and in cash disbursements journals
   - Performing month-end reconciliation procedures
   - Year-end reporting - 1099 forms

3. **Payroll**
   The payroll process consists of processing payroll and remitting amounts due to employees, the government, and other agencies such as health insurers, retirement plan trustees, etc.
Key steps in this area are:

- Authorizing new employee wages and other payment adjustments according to contractual agreements and award documents made by funding agencies
- Obtaining and gathering information for processing
  - Changes in status, condition of employment, etc.
  - Timesheets based on actual hours worked on each project
- Preparing payroll checks and depositing payroll taxes
- Performing month-end reconciliation procedures
- Preparing quarterly payroll tax returns
- Preparing W-2s, W-3s, and other annual payroll tax returns

4. **General Ledger and Financial Statements**
   The general ledger process consists of posting the period’s transactions to the general ledger and preparing the financial statements.

Key steps in this area are:

- Preparing monthly journal entries
- Reconciling bank accounts and other general ledger accounts
- Reviewing general ledger activity and posting adjusting journal entries
- Producing the general ledger and financial statements
2. REVENUE AND CASH RECEIPTS

**Background**

This section outlines the policies and procedures for the following areas in processing revenue and cash receipts:

- Opening the mail
- Gathering data for deposit to the bank
- Processing and recording daily deposits

**KEY POLICIES**

- All mail is directed to the Administrative Assistant of the Accounting Department.
- All checks and other payment documents received through the mail are logged.
  - All checks are endorsed with the FOR DEPOSIT ONLY stamp and deposited the following Friday after receipt.
  - Deposits are again verified against authenticated deposit slips before they are filed.
  - Entries to the cash receipts journal are verified by comparison to deposit slips.
  - Quarterly financial reviews are performed and appropriate adjustments recorded to present operating results on the accrual basis of accounting.
- All cash receipts received at FNA locations other than Administration are reconciled to that program’s billing records on-site, and the receipts are kept in a locked safe during and after office hours. All receipts will be hand-carried to the assigned accounting staff at least on a weekly basis.
- Wire receipts are maintained, monitored and accounted for by the Director of Finance.

**PROCEDURES TO IMPLEMENT THESE POLICIES**

**Controlling the Mail-Opening Process**

The Administrative Assistant opens the mail and segregates checks from all other mail. A summary of the checks received is prepared by the Administrative Assistant and is periodically reviewed by the Director of Finance. A copy of the check and supporting documentation accompanying the check is provided to the assigned accounting staff.

Assigned accounting staff restrictively endorses each check, using a stamp that indicates FOR DEPOSIT ONLY, with FNA’s name and bank account number. Based on the information received from the Administrative Assistant, the assigned accounting staff prepares the deposit ticket and makes a copy of it for the files, along with a copy of each check received, which is attached to all supporting documentation. The assigned accounting staff assigns the appropriate account number based on funding restrictions. Assigned accounting staff takes the deposit to the bank daily or as soon thereafter as possible. Deposits that cannot be taken to the bank are kept in a locked safe, access to which is restricted to the assigned accounting staff, the Director of Finance and the Executive Director.

**Verifying the Deposit Amount**

The person who takes the deposit to the bank receives a validated deposit slip that is then returned to the
assigned accounting staff for comparison to the duplicate deposit slip amount to ensure that the entire
deposit was in fact deposited. The validated deposit slip is then filed in the month’s cash receipts binder.

**Recording Receipts**

When the batch has been entered, a cash receipts journal is printed and compared with the batch
total. Any differences are investigated and resolved prior to closing the month.

**Maintaining Cash Receipts Documentation**

Remittance batches, with cash receipts journal, are filed in chronological order by month. These are
transferred to storage after the annual audit is completed. FNA follows record retention policies
satisfying local government and tax regulations. See section 14 of this manual, which outlines FNA’s
current record retention policies.

**Cash Receipts received at FNA locations other than Administration**

All cash receipts received at FNA locations other than Administration are reconciled on-site to that
program’s billing records. All receipts are kept in a locked safe during and after office hours. All
receipts will be hand-carried to the assigned accounting staff at least once per week.

**Processing of Wire Transfers**

Government contracts which execute payments via wire transfer are generally conveyed
according to three different processes:

1. **Weekly Reimbursements**: Assigned accounting staff submits a request supported by
current week’s expenditures.
2. **Quarterly Advances**: One quarter of the total grant is advanced up front and subsequent
quarterly advances are supported, calculated and transferred according to the prior
quarter’s submitted expenditure reports.
3. **Full Grant Advances**: The full amount of the grant is advanced up front. Periodic
expenditure reports (usually quarterly) are submitted to the granting agency.

All wire transfers are monitored by the Director of Finance (see section 8).
3. **SUBSTANTIATION AND DISCLOSURE REQUIREMENTS**

**Background**

This section outlines the policies and procedures with respect to FNA’s acknowledgement of contributions received from and donations contributed to other persons, entities and charities.

**KEY POLICIES**

- Acknowledgments are sent on FNA’s letterhead acknowledging contributions of a certain level.
- For all *quid pro quo* contributions individually in excess of $75, the contributor is informed in writing as to a good faith estimate of the nondeductible portion of the contribution.
- Persons authorized to make limited charitable donations.

**PROCEDURES TO IMPLEMENT THESE POLICIES**

**Contributions Received**

For contributions greater than $250, FNA will issue an acknowledgment of receipt of the contribution to the donor. The acknowledgment must include:

- The amount of cash and a description of any other property contributed,
- A statement if FNA provided any goods or services in return for the contribution, and
- A description and an estimated value of the item provided if FNA provided something in return for the contribution.

These rules do not apply on a cumulative basis; hence, one contributor who makes separate donations, each of which is less than $250 but in the aggregate of which is greater than $250, is not required to receive an acknowledgment.

**Quid Pro Quo Contributions**

Some contributions are considered *quid pro quo* contributions since the donor receives something in return. All *quid pro quo* contributions greater than $75 may be accompanied by a memo which includes both the payment for the items received and an overall estimate of the fair market value of the goods or services received by the donor in return for the contribution. The donor will receive a charitable contribution deduction for the amount in excess of the fair market value of the goods or services received. This disclosure should explain that the amount of the deductible contribution for federal income tax purposes is the excess of the amount of money and/or property contributed over the value of the goods or services provided by the charity. The disclosure will be made in a manner that is reasonably likely to be noticed by the donor.

**Contributions Donated**

When making contributions for allowable charities under the State of Alaska Gaming Regulations, the Executive Director has sole authority to commit FNA Bingo and Gaming funds for amounts $5,000 and smaller. Before FNA can commit funds for contributions greater than $5,000 the full Board of Directors must first approve such commitments.
4. PURCHASES

Background

This section outlines the policies and procedures for the following areas in FNA’s procurement practices:

- Obtaining bids
- Issuance and monitoring of purchase authorizations
- Processing receipt of goods and merchandise

KEY POLICIES

- A purchase authorization form is to be prepared for all planned purchases required for the administration and implementation of all program activity contracted by FNA.
- Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement.
- Three written bids must be obtained for procurement of furnishings, equipment and supplies having a cost greater than $10,000. Either written or oral bids are obtained for procurement of furnishings, equipment and supplies having a cost greater than the Federal Micropurchase Threshold but less than $10,000.
- Any purchase using Client Pay (company revenue) funds in excess of $3,000 must have direct prior approval from the Executive Director.
- The receipt of goods by mail shipment or other carrier must be signed for and received by someone who is independent of the payment process.
- Additional procurement requirements for specific contracts are followed and procedures are modified as needed.

PROCEDURES TO IMPLEMENT THESE POLICIES

Procurement Practices

All purchases except professional services, equipment or property rentals and other similar recurring expenditures should be obtained via a purchase order. Professional services as well as equipment or property rentals, due to their nature, are monitored via contract management and rental/lease agreement procedures respectively, not the generation of a purchase order. Procurement selection will give consideration to all relevant factors (i.e., quality, service, cost, etc). Selection will not be based solely on cost.

Lease / Purchase Analysis

Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement.

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1 Purchase authorizations include purchase orders or written contracts that contain all the necessary information for approval of the purchase of goods or services.
Bids Required

Either written or oral bids will be obtained for procurement of furnishings, equipment and supplies having a cost of greater than the Federal Micropurchase Threshold but less than $10,000. The assigned staff member will secure oral bids and will document via internal memorandum listing vendor, date, cost and any other relevant facts. Written competitive bids will be solicited for furnishings, equipment and supplies having a cost exceeding $10,000. Written advertisements of available product will be deemed acceptable evidence of bid price.

Providing Rationale for Higher Bids

Whenever the vendor selected is other than the lowest bidder, reasons for the selection will be documented via internal memorandum and attached to the disbursement documentation.

Documentation

The person granting the bid will retain a copy of the competitive bidding documentation and a copy of the invoice. The original invoice and bidding document is forwarded to the Accounts Payable office in the Accounting Department for payment and filing.

Issuance and Monitoring of Purchase Orders

Except for professional services, equipment or property rentals and other similar recurring expenditures, a purchase order form (PO) must be prepared for all purchases which require prior approval of the purchase. Purchase orders are to be initiated by the individual requesting the purchase and should be approved by the supervisor of the requestor who would have knowledge of programmatic impact of this purchase request.

The completed PO form accompanied by any required bidding documentation is then forwarded to the assigned staff accountant for approval. The staff accountant verifies that the expenditure is allowable and that funds are available in the budget prior to forwarding the completed PO to the procurement coordinator.

A completed pre-numbered PO must contain the following:

1. Name and address of vendor
2. Ship-to information (location)
3. Date the order was placed
4. Date the goods are to be delivered or service performed
5. Shipping method
6. Terms of purchase
7. Each item listed separately with description
8. Specific quantity and unit of measure
9. Unit price
10. Programmatic and grantor allocation for budgeting purposes
11. Signature of authorized buyer, supervisor and Director of Finance
12. Any purchase using Client Pay (company revenue) funds in excess of $3000 must have direct prior approval from the Executive Director.
13. POs in the amount of $5,000 or greater also require the signature of the Executive Director
All PO forms are pre-numbered and maintained accordingly. Pre-numbered POs allow for more effective controls because the sequence can be independently monitored.

The initiator of the PO completes the PO according to the instructions on the purchase authorization form and does the following:

1. Forwards the PO to the Accounting Department:
   - To verify that the expenditure is allowable and that funds are available in the budget.
   - To encumber the expenditure to the appropriate cost center in the accounting system.
   - Keep an open PO file until goods and services are received and invoiced by vendor.
   - Once approved and signed by the staff accountant, a copy of the outstanding PO is filed in a chronological file in the Accounting Department.
2. Return one signed copy to the program initiating the order and forward the signed original PO to the procurement coordinator.
3. Procurement coordinator places an order with the vendor by mailing or hand-delivering the PO. For quick expediting a copy may be faxed or e-mailed in PDF format (if acceptable).
4. The procurement coordinator files a copy of the PO and serves as the receiving point of all ordered goods (with the exception of large deliveries and medical supplies). The procurement coordinator verifies that all orders are received according to the original PO and that large orders and medical deliveries are accurately received at program locations.

On a periodic basis, a review of the open PO file is performed for any commitments that have not been matched with receiving reports or equivalent records of goods or services received.

**Receipt of Goods and Merchandise**

The receipt of goods by mail, shipment or other carrier must be signed for and received by the procurement coordinator or someone in coordination with the procurement coordinator who is independent of the payment process.

The procurement coordinator or their designee:

1. Verifies that each item on the packing slip has been received.
2. Compares goods received with the applicable PO.
3. If the order was not complete on the first shipment, a note of any back orders or discrepancies with quantity and price is made on a copy of the PO.
4. Makes copies of packing slips and invoices received and files with appropriate PO copy.
5. Forwards a copy of the PO with packing slips and invoices to the Accounting Department for payment.

**Construction Contracts**

As required by OMB Circular A-110 Appendix A section 3, when required by Federal program legislation, all construction contracts awarded by FNA of more than $2,000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7).
Debarment and Suspension

No contract shall be made to parties listed on the General Services Administration’s List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with E.O.s 12549 and 12689, “Debarment and Suspension.” Contractors with awards that exceed the small purchase threshold shall provide the required certification regarding its exclusion status and that of its principal employees.
5. **CONSULTANTS**

**Background**

This section outlines the policies and procedures for the establishment and evaluation of consulting and professional service sub-contractual arrangements:

- Confirming that the relationship qualifies as a consulting relationship
- Drafting and approval of consulting agreements
- Implications of reclassification to employee status

**KEY POLICIES**

- Every consultant relationship must be supported by a consultant agreement and a completed W-9 before the first check request or invoice will be honored.
- The nature and specific details of each consulting relationship will be reviewed to ensure that the individual does not qualify for employee classification. This review will be documented in writing.
- Three competitive bids are required to retain a consultant if work requires payment of more than $10,000. This does not apply to referrals, extensions, or amendments, or when a consultant is the only known expert in the particular field.

**PROCEDURES TO IMPLEMENT THESE POLICIES**

**Determining if Relationships Qualify as Consultant Arrangements**

FNA engages consultants to perform professional services. Prior to entering into a consultant agreement, FNA must determine that the relationship meets the criteria outlined by the Internal Revenue Service for consulting (independent contractor and not employee) relationships. Reclassification as an employee by the Internal Revenue Service can trigger additional payroll taxes and potential penalties to FNA. The following represents a general guideline to be considered when making this determination.

**CATEGORY ONE: DEGREE OF BEHAVIORIAL CONTROL**

1. **Instructions.** If the payer has the legal right (whether used or not) to mandate when, where or with what tools, personnel and methods the work is done, the payer has an employer’s right to control how the work results are achieved.

2. **Training.** Through training, the payer controls how the work should be performed, which is more common to an employer-employee relationship.

3. **Specifying the Worker.** Payers can exercise control by selecting only workers who use approved methods, which is more common to an employer-employee relationship.

4. **Available to the Public.** A separate economic entity will present itself as such to the public, which is more common to an independent contractor relationship.

5. **Employing Assistants.** If the worker hires, supervises and pays assistants, these activities imply an economic entity that is separate from the payer, which is more common to an independent contractor relationship.
6. **Sequence of Work.** Specifying the sequence of the work is an integral part of how work is to be performed, which is more common to an employer-employee relationship.

7. **Reporting.** Required reporting by the worker implies that the payer has the right to exercise control over how the work is performed, which is more common to an employer-employee relationship.

8. **Hours of Work.** Specifying precisely when the work can be performed is an integral part of how the work should be performed, which is more common to an employer-employee relationship.

9. **Full-time Effort.** Full-time workers usually are economically dependent upon the payer. Workers who are economically dependent upon the payer are generally employees.

10. **Job Location.** Specifying where the work can be performed is an integral part of how the work should be performed, which is more common to an employer-employee relationship.

**CATEGORY TWO: DEGREE OF FINANCIAL CONTROL**

1. **Reimbursements.** To control reimbursed expenses, payers will exercise control over methods used, which is more common to an employer-employee relationship. Independent contractors are more likely to have non-reimbursed expenses than employees. Fixed ongoing costs that are incurred regardless of whether work is currently being performed are especially important in determining who controls the business aspects of the worker’s job.

2. **Substantial Investment.** A substantial investment by the worker implies a separate economic entity, which is more common to an independent contractor relationship. A significant investment is not a prerequisite for an independent contractor, however.

3. **Outside Work.** A separate economic entity can give equal priority to work for other parties, which is more common to an independent contractor relationship.

4. **Fixed Pay.** Employees sell labor (measured by time), while independent contractors sell a product or service (measured by results) and are usually paid by the job.

5. **Risk of Loss.** The opportunity for financial loss or gain implies a separate economic entity controlled by an active management, which is more common to an independent contractor relationship.

6. **Tools and Supplies.** An independent contractor will possess the necessary tools and equipment. Payers can exercise control over workers’ methods used through the selection of the tools and supplies and the supervision of their use.

7. **Termination.** Payer–independent contractor relations are contractual; employer-employee relations are under common law. Written contracts describe the relationship the parties intended to create.

8. **Quit.** Payer–independent contractor relations are contractual; employer—employee relations are under common law.
9. **Employee Benefits.** Granting benefits to the worker (such as insurance, a pension plan, vacation or sick pay) is more common to an employer-employee relationship.

10. **Continuing Relationship.** Long-standing and continuous workers are more likely to be economically dependent upon the payer. Workers who are economically dependent upon the payer are generally employees.

11. **Integration.** An organization will control and direct how its ordinary and necessary activities are performed (particularly if the worker provides services that are a key aspect of the organization’s regular business activities), which is more common to an employer-employee relationship.

12. **Intent of Parties.** Demonstration of the parties’ mutual intent for the worker to be an independent contractor weighs toward independent contractor treatment.

**Consultant Agreements**

Once the relationship has been determined as that of a consultant (independent contractor), all services performed by a consultant should be documented in a written agreement stating the following:

- Program name and nature of services
- FNA assigned grant number
- Name, address, and Federal Identification Number/Social Security Number of the consultant
- Scope of services with essential functions to be performed by contractor
- Name of contract manager for FNA
- Name of contract manager for contractor
- Contract period, which should not go beyond the end of the grant period or fiscal year, whichever is first
- Contract value including expenses for which the consultant will be reimbursed
- Insurance and indemnification clause
- Payment, which explains the process for paying for services
- Compliance clause – must agree to comply with all laws
- Records and retention – must agree to keep records for at least three years
- Cancellation clause
- Privacy and confidentiality clause
- Relationship of contractor to FNA
- Subcontracting clause
- Conflict of interest disclosure clause
- Authority of representative to contract
- Dispute resolution clause

All agreements must be submitted to the Director of Finance, In-House Counsel and the Executive Director for review and approval prior to commencing services and the release of funds.

**Competitive Bidding**

While a sealed bid may not be required, it is necessary to have three documented bids. A sealed bid results from a pre-circulated request for proposal (RFP) where independent vendors are requested to provide the estimated cost for their services on a predetermined date, in a sealed envelope. This process is intended to ensure confidentiality of information and this maintains competitiveness of the process.
In certain circumstances, there may be only one potential consultant. In this case, the reason why only one consultant is contacted and a “sole source” agreement is given should be well documented.

Note that while it may be necessary to develop and include a line item budget in the consulting agreement, to the extent possible, payment should be made upon a “deliverables” basis.

Invoices submitted by the consultant should detail the deliverables, hours worked and dates of service covered by the invoice presented.
6. TRAVEL AND EMPLOYEE BUSINESS EXPENSES

Background

This section outlines the policies and procedures for handling travel and employee business expenses:

- Submission of travel related approval forms
- Basis of reimbursement for mileage and other related expenses
- Processing of employee expense reports

KEY POLICIES

- The forms to approve travel requiring an overnight stay must be submitted three weeks before the travel date (two weeks for non-air travel).
- FNA will reimburse employees for lodging and meals and incidentals purchased during travel outside Fairbanks using federal per diem rates.
- Reimbursement for mileage will be at current IRS allowed rates.
- Receipts evidencing expenses will be required for all amounts except hotel and meals.
- Advances in amounts not to exceed the maximum federal per diem rate may be obtained prior to traveling, upon approval of the Director of Finance.
- Employee expense reports are to be completed and submitted within two weeks of return date.
- All expense reports are to be reviewed and approved by the Director of Finance.

PROCEDURES TO IMPLEMENT THESE POLICIES

Reasonable travel and business expenses incurred by employees and Directors deemed necessary to FNA’s operations will be approved and implemented upon submission of the Travel Request and Justification form (and Purchase Order in some cases) with appropriate supporting documentation.

Travel Request and Justification Form

A Travel Request and Justification Form to authorize travel requiring overnight stay must be submitted to the traveler’s supervisor/program director at least three weeks prior to the travel date in order to allow appropriate time for review and authorization. Completion of this form will require the following information:

- Name and title of the employee traveling
- Program name and related fund number
- Date of request
- Name of conference, seminar, workshop, or training
- Location of conference, seminar, workshop, or training
- Dates of conference, seminar, workshop, or training
- Justification for the trip
- Explanation of budget consideration
- Description of the outcome of the trip
- Estimated itemized list of costs: tuition, materials, travel, car, hotel, and meals
- Total estimated cost of attending conference, seminar, workshop, or training
- Signature of employee requesting travel
Approval of Accounting staff to utilize funds for travel
• Approval/disapproval of program director to participate in travel and training
• Seminar agenda with dates and times
• Car rental request, if necessary
• Excess baggage request, if necessary
• Explanation of personal days involved in the trip
• Approval of Executive Director for all out of state travel

All travel must be approved by an immediate supervisor with budgetary authorization prior to committing to travel arrangements.

Mileage

Reimbursement for mileage will be at current IRS allowed rates.

Receipts

Receipts evidencing expenses will be obtained for all items, except hotel and meals, for which reimbursement is requested. There will be no reimbursements for any allowable expenses for which receipts are reasonably obtainable and are not submitted with the traveler’s trip report. Boarding passes are evidence of travel and are required to receive per diem reimbursements.

Documentation

Documentation of expenses incurred should comply with IRS requirements and clearly show the following:

• Date
• Location
• Amount

Travel

Any travel expense paid by FNA must still be included as an expense on the Employee Expense Report since these costs are considered an advance to the employee.

Advances, in amounts not to exceed the maximum allowable federal per diem rate, may be obtained prior to traveling, upon approval of the Director of Finance.

Expense Reports

Employee Expense Reports are to be completed and submitted no later than two weeks from the last day of travel. All expense reports are to be reviewed and approved by the Director of Finance. The expense report for the Director of Finance must be approved by the Executive Director. The expense reports for the Executive Director are reviewed and approved by the Board of Directors’ President.

Per Diem

Per diem is the allowance for lodging, meals and incidental expenses when an employee performs official travel away from the employee’s normal work site, or other areas defined by FNA; the employee incurs
per diem expenses while performing official travel; and the employee is in a travel status for more than 12 hours. FNA will pay employees for travel outside Fairbanks following the federal per diem rates. The per diem rates are specific to the city of destination.

The temporary work site location determines the employee’s maximum per diem reimbursement rate. This rate will be the cumulative rate of meals, lodging and incidental expenses for the city of destination. Per diem allowance will be calculated on a quarter-day basis, starting at the time of travel departure (one hour earlier for airline travel) and ending on actual arrival time back in Fairbanks. If an employee obtains pre approval for personal time off that extends the time away from Fairbanks, the employee’s per diem allowance will be calculated to end at the time the employee could return back in Fairbanks.

The employee is responsible for all expenses over the cumulative per diem rate established regardless of any breakout calculation of actual lodging, meals and incidental expenses. FNA will not pay for additional costs resulting from circuitous routes, luxury accommodations or services unnecessary or unjustified in the performance of official FNA business.

**Taxes:** Bed taxes, lodging taxes and all other forms of taxes are included in the per diem rate.

An employee will not be reimbursed for per diem expenses if the official travel is 12 hours or less.

**Meal reimbursement for day travel:** Employees that travel by air are entitled to reimbursement of $75 if the employee’s time away from their normal work site is less than 24 hours.

**Meals provided by a common carrier or complimentary meal(s) provided by a hotel/motel:** A meal provided by a common carrier or a complimentary meal provided by a hotel/motel or at training does not affect an employee’s per diem.

**Advance lodging and other travel deposits:** Travelers are responsible for all lodging or other travel deposits.

**Method of transportation:** FNA will make an employee’s transportation reservations and provide the employee with a ticket. Employees are not allowed to make reservations or purchase transportation tickets themselves. FNA will select the method of transportation most advantageous to FNA, when cost and other factors are considered. Travel must be by the most expeditious means of transportation practicable and commensurate with the nature and purpose of the employee’s duties. The employee must travel to the destination by the usually traveled route unless FNA authorizes or approves a different route as officially necessary. The employee’s reimbursement will be limited to the cost of travel by a direct route or on an uninterrupted basis. The employee will be responsible for any additional costs. In addition, FNA must consider factors including, but not necessarily limited to, total cost to FNA (including costs of per diem, overtime, lost work time and actual transportation costs), total distance traveled, number of points visited, and number of travelers. If an employee does not travel by the method of transportation selected by FNA, any additional expenses the employee incurs will be borne by the employee. If an employee upgrades or changes an airline ticket causing the favorable rate to be lost, the employee must personally bear the expense, barring an emergency.

**Rental vehicles:** FNA’s Executive Director will determine in advance of an employee’s trip if a rental vehicle is necessary. Authorization is generally made for compact cars with unlimited mileage. The employee will need to pay for the rental vehicle and submit appropriate receipts (including showing the time in and time out and all charges) for reimbursement. Any vehicle upgrading that incurs higher cost will require prior approval. The cost of gasoline will be reimbursed for rental vehicles if receipts are submitted with the traveler’s trip report.
Collision damage waiver or theft insurance. An employee will not be reimbursed for the cost of collision damage waiver or theft insurance because rental vehicles available under agreement(s) with FNA include full coverage insurance for damages resulting from an accident while performing official travel.

Privately owned vehicle travel: If FNA approves the use of a privately owned vehicle for official travel, reimbursement for mileage will occur at the current IRS mileage rate. Reimbursable expenses in addition to the mileage allowance include parking fees and bridge, road or other tolls or fees. Non-reimbursable expenses included in the mileage allowance include charges for repairs, depreciation, replacements, grease, oil, antifreeze, towage, gasoline, insurance and taxes. If another employee travels with the FNA employee-driver on the same trip in the same privately owned vehicle, the mileage is paid only to the FNA employee-driver. No deduction will be made from the FNA employee-driver’s mileage allowance if other passengers contribute to defraying expenses.

An employee will not be reimbursed for personal accident insurance, which is a personal expense.

If an employee is authorized to use common carrier transportation and instead uses a privately owned vehicle, the employee will be reimbursed on a mileage basis, plus per diem, not to exceed the total constructive cost of the authorized method of common carrier transportation plus per diem. FNA will determine the constructive cost of transportation and per diem by common carrier. The employee will also be charged PTO for any work hours that are missed as a result of travel by privately owned vehicle.

Travel to and from a common carrier terminal:

General authorization. Except as provided with respect to courtesy transportation, an employee will be reimbursed (after producing appropriate receipts) the usual fare plus tip for use of a taxicab or commercial shuttle services in the following situations:

(i) Between a common carrier or other terminal and either the employee’s home or usual FNA place of business, or the employee’s place of business or lodging at a temporary work site; or
(ii) Between the carrier terminal and shuttle terminal.

Courtesy transportation. An employee should use courtesy transportation service furnished by hotels/motels to the maximum extent possible as a first source of transportation between a place of lodging at the temporary work site and a common carrier terminal.

Restrictions. When appropriate, FNA will restrict or place a monetary limit on the amount of reimbursement for the use of taxicabs under this paragraph when:

(i) Suitable FNA or common carrier transportation service, including commercial shuttle service, is available for all or part of the distance involved; or
(ii) Courtesy transportation service is provided by hotels/motels between the place of lodging at the temporary work site and the common carrier terminal.

Travel from home to common carrier terminal (e.g., airport) by privately owned vehicle: Employees will not be reimbursed for mileage of privately owned vehicles to and from common carrier terminal.

Parking fees for privately owned vehicle at common carrier terminal: If an employee parks a privately owned vehicle at a common carrier terminal while away on approved travel, FNA may reimburse the employee’s parking fees as an allowable transportation expense.
Cancellation or postponement of trip: If an employee’s trip is canceled or postponed indefinitely the employee must promptly notify FNA’s travel clerk and refund any monies advanced in connection with the authorized travel.

Compensation for Travel Time

Start of the Workday

When an employee travels from home to the office before performing any FNA work, the travel time is not compensable. Work time begins at the office and includes travel from there to the first work site. However, should the employee begin the day receiving instructions at home or traveling to a work site, work time begins with the receiving of assignments or the start of travel, respectively. In this case, FNA pays the employee for the time spent in driving from home to the first work site or from the office to the first work site, whichever is less.

The End of the Workday

When the employee returns to the office at the end of the day and then travels home, the trip back to the office is compensable, but the trip home is not.

Overnight and Return Travel

Travel time as part of an overnight trip is compensable to the extent the non-exempt employee is required by FNA to travel during the non-exempt employee’s normal work hours. In addition, travel required by FNA on regular day(s) off for a non-exempt employee is compensable for all travel during that period of the day that coincides with the non-exempt employee’s normal work hours. Travel time is not compensable if it occurs outside the non-exempt employee’s normal work hours. FNA will determine the most cost effective situation (i.e., an employee remaining in travel status and paying per diem or actual expenses or requiring an employee to return to Fairbanks or the employee’s normal work site). FNA may, if feasible, require an employee to travel back to Fairbanks on the final day of a seminar, training or FNA business in order to avoid additional lodging or other costs or expenses. If an employee chooses to extend travel for personal reasons then the employee will be responsible for all additional lodging, meals, incidental or other costs or expenses.

Exempt Salaried Employees Performing FNA Work While In Leave Status

Exempt salaried employees should leave someone in charge while in leave status and should attempt to avoid performing FNA work while in leave status. However, if performing FNA work while in leave status is unavoidable then the following applies:

1. The employee should record actual FNA hours worked on the corresponding date on the employee’s timesheet.

2. The actual FNA hours worked while in leave status will be subtracted from the number of PTO hours that were anticipated to be used for that day. PTO will then be reduced by the difference between the number of FNA hours worked and the number of PTO hours that were anticipated to be used for that day. For example, if the employee anticipated using 8 hours of PTO on a Monday but performed FNA hours worked for 1 hour on that day, the PTO will be reduced by only 7 hours for that day. The PTO hours, after any reduction, should also be recorded on the corresponding date on the employee’s timesheet.
7. PROCESSING ACCOUNTS PAYABLE

**Background**

This section outlines the policies and procedures for the processing of accounts payable:

- Processing purchase orders and invoices
- Processing check requests where no invoice is available
- Authorized signatories
- Processing of petty cash

**KEY POLICIES**

- All invoices should be stamped with a “Received Date” immediately upon receipt.
- Checks and wire transfers in amounts not exceeding $5,000 require only one signature. Amounts exceeding $5,000, exclusive of interbank transfers, require approval by a second signature by an authorized member of the Board of Directors.
- Vendor statements should be forwarded to the Accounts Payable office for review and reconciliation to the vendor files.
- All blank check stock must be kept under lock and key with access limited to the assigned accounting staff only.
- The petty cash fund will start with a $200 balance and will be replenished on an imprest basis. Imprest refers to an advance or a loan of funds for small goods or services (not to exceed $100) to be purchased and then supported by a receipt so that petty cash can be replenished.

**PROCEDURES TO IMPLEMENT THESE POLICIES**

*Processing Purchase Authorizations and Invoices*

The Accounts Payable Technician examines invoices delivered to the Accounting Department. While the invoices which arrive from the program or department may have already been stamped with a “Received Date” by the Program Assistant in charge of receiving the goods and services, it is a good idea to stamp a second time to show date of receipt into the Accounts Payable office.

The Accounts Payable Technician will perform the following:

1. Attach invoice to purchase authorization form (purchase order, travel authorization, contract or lease)
   - If invoice represents a partial fulfillment of a purchase authorization form, attach a copy of the purchase authorization form.
2. Send invoice and purchase authorization form to the Program office that generated the purchase for review and approval to pay
3. Work with the appropriate Program Assistant to investigate and resolve any discrepancy between the invoice and purchase authorization form or any outstanding back order issues
4. Once approved for payment, process the invoice with copy of the purchase authorization form for payment
Requesting Checks When There Are No Invoices

Not all expenditures are supported by an invoice. Travel advances, for example, are not initiated with an invoice. These expenditures are handled via a travel authorization form. Same day emergency purchases may also require check requests. The employee initiating the emergency check request will prepare a Check Request form, which is submitted with appropriate backup information to the Director of Finance for approval. The Check Request form is processed and approved for payment in the same fashion as an invoice.

Authorized Signatures

On an annual basis, the Director of Finance will submit a list of bank/trust accounts and authorized signers for approval by the Finance Committee.

Checks and wire transfers in amounts not exceeding $5,000 require only one signature. Amounts exceeding $5,000, however, exclusive of interbank transfers, require approval by a second authorized signer who is a member of the Board of Directors.

FNA’s checking accounts currently include the following authorized check signatures:

Staff members:

- Executive Director
- Deputy Director
- Director of Finance

Board Members:

- President
- Vice-President
- Secretary
- Treasurer

Safeguarding of Check Stock

Blank check stock is kept under lock and key with access limited to the Accounts Payable office only. Unopened boxes of checks remain sealed and also under lock and key. Laser checks are placed in the printer and the system automatically prints the information on the preprinted, pre-numbered checks. Upon completion of the check printing process, a check register is prepared and the total of the check register is compared to the total of the cash requirements report generated prior to the printing of the checks. The physical checks, copies and documentation are reviewed for proper printing and confirmation of check numbers against the check register by the Director of Finance, and if all is acceptable, checks are sent for signature and the check register is updated by the computer system. This update process reduces the accounts payable balance and the cash account balance to the general ledger.

Only the actual check is mailed to the vendor – no attachment unless requested by vendor. The copy of the check is stapled to the vendor invoice and filed in the paid bills file in alphabetical order by vendor.
Vendor Statements

Vendor statements are forwarded to the Accounts Payable office for review and reconciliation to the vendor files. Any invoices noted on the vendor statement that have not been processed by the accounting system are identified for follow-up with the vendor, if appropriate.

Petty Cash Account

Each FNA program location/site has its own petty cash fund which is maintained by the Program Director or Program Assistant at that location/site. The Program Assistant at each location/site provides the support for each replenishing check, including appropriate budgetary account distribution, and the Staff Accountant in charge of the accounts at that location reviews the documentation and reconciliation before approving the replenishment check.

In processing the petty cash, the procedures are as follows:

- **Size of Petty Cash Fund**
  
The amount of the petty cash fund will be approved by the Director of Finance and be sufficient to ensure that it does not need to be reimbursed more often than once a month. Petty cash will be monitored by the Staff Accountants.

- **Completing the Petty Cash Reimbursement Voucher**
  
As petty cash is needed, the Program Assistant fills out a petty cash voucher indicating the amount, purpose and person to whom the money was given. Petty cash can only be used to reimburse individual expenditure of $100 or less.

- **Replenishment of Cash**
  
When the petty cash fund is running low (below $100) the Program Assistant will add up the receipts in the petty cash box and will request a check payable to him/herself, as custodian, to replenish the fund. The Staff Accountant assigned to the particular program location/site will review the replenishment check along with all related receipts.

- **Proof**
  
The check to replenish petty cash plus the monies left in the fund should total the balance as initially funded. On an unscheduled test basis, the Director of Finance may perform a spot check of the petty cash fund to ensure that the total of the cash and receipts on hand is equal to the authorized amount.
8. MANAGEMENT OF CASH

Background

This section outlines the policies and procedures employed in FNA’s management of cash:

- Monitoring of FNA’s cash flow
- Handling bank reconciliations

KEY POLICIES

- The cash will be continually monitored by the Director of Finance.
- Bank accounts must be reconciled on a monthly basis. A copy of the monthly bank reconciliation is provided to the Director of Finance for approval.

PROCEDURES TO IMPLEMENT THESE POLICIES

Cash Flow Monitoring

On a weekly basis, the Director of Finance reviews all cash accounts and their balances, checking for expected deposits, withdrawals and transfers, and determines the expected balances needed in the checking accounts for Accounts Payable and Payroll. The Director of Finance makes electronic or physical transfers of cash from interest bearing accounts to checking accounts in amounts necessary to address expected needs for that week. The Director of Finance also updates cash logs on file and generates journal entries necessary to update the general ledger cash balances.

Bank Reconciliation

All bank statements are mailed directly to the Director of Finance. The statements are opened by him/her and reviewed for unusual activity. Following this review, the bank statements are forwarded to the assigned accounting staff as soon as possible for review and reconciliation to the accounting records. Any unusual items or exceptions are investigated and resolved by the assigned accounting staff and communicated to the Director of Finance via the reconciliation process.

A copy of the monthly bank reconciliation is provided to the Director of Finance for approval on a monthly basis.

On a periodic, unannounced basis, the Executive Director will request to see the bank statement unopened. The Executive Director will review the statement and cancelled checks in order to identify any irregularities.
9. CAPITAL ASSETS

Background

This section outlines the policies and procedures employed in FNA’s handling of capital assets:

- Categories of property, plant and equipment
- Option to purchase or lease equipment
- Keeping accurate records of capital assets
- Assets purchased with government funds
- Calculation and recording of depreciation expense
- Disposal of capital assets
- Annual physical inventory

KEY POLICIES

- Acquisitions that materially add to the value of the property and prolong the useful life are deemed to be capital assets.
- All assets are to be identified, tagged and entered into the detailed fixed asset ledger.
- On an annual basis, FNA performs a physical inventory of all capital assets, and the books and records are reconciled to the results of the physical inventory.
- Leases meeting the criteria for capitalization are capitalized and depreciated on an annual basis.
- Depreciable assets are carried at the original net acquisition cost. Non-depreciable capital assets (e.g., land) are carried at the original net cost.
- Depreciation guidelines are based on the expected useful life of the asset.
- Disposal of capital assets occurs only after proper authorization has been given by the Executive Director and funding agency, if applicable.
- Fully depreciated assets remain on the property records with the related accumulated depreciation as long as the property is still in use.

PROCEDURES TO IMPLEMENT THESE POLICIES

General

Property, plant, and equipment are generally categorized by the following broad asset types:

- Land
- Buildings
- Vehicles
- Furniture, fixtures and office equipment
- Leasehold improvements
- Construction in progress

Long-Term Lease or Purchase

Obtaining the use of property, plant and equipment through long-term leases is an alternative to outright purchase. Leases vary in term, assumption of expenses and many other details. The purchase-versus-lease decision is incorporated into the annual capital budget upon the basis of net cost considering cash-flow as well as type of asset being purchased.


**KEEPING ACCURATE RECORDS OF CAPITAL ASSETS**

**Identification and Record of Assets**

At the time of acquisition, all assets are identified, tagged and entered into the detailed fixed asset ledger. The tags are placed in a visible area and provide a clear method of tracing the asset on the floor to the fixed asset ledger.

On an annual basis, FNA takes a physical inventory of all capital assets to ensure the completeness and accuracy of FNA’s records.

Management employees who are not responsible for the custody or record keeping of the assets oversee the inventory process.

All assets are examined to determine that they are currently being used.

**Maintenance of Detailed Fixed Asset Ledgers**

Detailed fixed asset ledgers are maintained for the following classifications:

- Land
- Buildings
- Vehicles
- Furniture, fixtures and office equipment
- Leasehold improvements
- Construction in progress

**Comparison to Detailed Records**

The inventory of the assets on hand is compared to the detailed records.

**Resolution of Differences**

All differences are resolved by a responsible management employee in conjunction with the Director of Finance. Adjustments to FNA’s records can be made only by the Director of Finance after appropriate approval has been received.

**Classification of Repair Expense vs. Capitalization of Expenditures**

Repair expense is distinguished from expenditures for improvements, additions, renovations, alterations and replacements. FNA follows the following guidelines in classifying these expenditures:

1. Expenditures are repair expenses if they do not materially add to the value of the property and do not materially prolong the life of the property. Examples of repair expenses include:

   - Replacing loose or damaged shingles
   - Replacing broken glass
   - Painting and decorating the facility
Resurfacing a parking lot
Making temporary repairs expected to last less than one year
Making minor repairs to fully depreciated assets

2. Repair costs that increase the value of property, prolong its life or adapt it to a new or different use are capital expenditures. If the life of the asset has been significantly extended, the remaining original costs and the repair cost are depreciated over the new life. Examples of repair expenditures that are capital expenditures include:

- Replacing floors
- Replacing a roof, thereby substantially prolonging its life
- Reconditioning equipment or machinery, thereby extending its life
- Installing a new heating system

3. Other expenditures that may be capitalized:

- Structural changes or alterations to FNA-owned buildings, which become a part of a building and increase its life or value
- Significant improvements to property leased by FNA, improvements that add value to the leasehold (e.g., permanent office partitions)

**Assets Purchased with Government Funds – Interim Reporting**

Assets purchased with government funds are tracked and monitored in the manner outlined above. However, on an interim basis, these acquisitions will be expensed as part of the program costs reportable under the grant. At the end of the year, the full cost is capitalized and depreciated over the assigned asset life, in accordance with generally accepted accounting principles.

**Title Remains with Funder**

Unless otherwise specified in grant award documents, title to certain assets purchased with governmental funds may remain with the funder until the expiration of the grant, at which time the asset reverts back to FNA unless the funder assigns the asset to another organization. Since these assets are critical to the presentation of a complete Statement of Financial Position, FNA has opted to capitalize them and provide proper disclosure in the footnotes to the annual financial statements.

**DEPRECIATION**

**Basis for Cost**

Depreciable assets are carried in the accounting records at the original net acquisition cost. Non-depreciable capital assets (e.g., land) are carried in the records at the original net cost. Purchased items of property, plant and equipment that meet the capitalization requirements are to be capitalized at the invoice price plus all charges incurred to prepare the asset for operations.

Cost of acquisition includes not only the contract or invoice price, but also such costs as preliminary engineering studies and surveys, legal fees to establish title, installation costs, freight, and labor and material used in construction or installation.
Capitalization During a Construction Project

Expenditures such as those for materials, labor, engineering, supervision, salaries and expenses, legal expenses, insurance, overhead and interest are capitalized as “construction in progress” until the project is completed and placed into service. No depreciation is taken on construction in progress.

Upon completion of construction and placement in service, the asset is removed from construction in progress and entered into the detailed fixed asset ledger under the appropriate classification. Depreciation on the asset begins on the date the asset is placed into service.

Determination of Useful Life

The useful life is determined when a capital asset is acquired. The useful life may be expressed in terms of time, units of production or hours of service.

1. The cost of an asset is allocated over a useful life via depreciation or depletion.
2. When a useful life is not determinable, such as for land, no depreciation is taken.
3. If there is a change in the estimate of the remaining useful life after the asset is placed into service, the remaining cost to be depreciated is spread over the revised remaining life.
4. The estimated useful life is assigned by the Director of Finance as part of the overall approval process.

Determination of Depreciation Method

The Director of Finance is responsible for determining the method of depreciation to be used for each category of capital assets. The justification for the method selected is well documented and maintained. Accelerated methods are used in situations where an asset’s physical usefulness or value declines quickly in the earlier years (e.g., computers).

Once a sound depreciation method has been selected, it is applied consistently until conditions change to such a degree that its application no longer produces reasonable results.

Circumstances may arise which make it appropriate to accelerate or decelerate depreciation charges, such as:

- A change in the estimate of the useful life.
- A change in the estimated salvage value. (This is a change in the accounting estimate that is accounted for prospectively, not retroactively, by depreciating the remaining balance over the remaining useful life).
- A change in depreciation method.
The estimated useful lives of the various asset categories over which the assets of FNA are depreciated, are as follows:

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Years</th>
<th>Rate Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and Improvements, Leasehold and Improvements</td>
<td>25 - 35</td>
<td>3% - 4%</td>
</tr>
<tr>
<td>Equipment, Furniture and Fittings, including General Office Equipment</td>
<td>5 - 8</td>
<td>20%</td>
</tr>
<tr>
<td>Capitalized Leased Equipment</td>
<td>The Shorter of the Lease Term or the Life of the Equipment</td>
<td></td>
</tr>
</tbody>
</table>

One-half year of depreciation will be taken in the year of acquisition.

**DISPOSAL**

*Documentation of Disposal*

Disposal of capital assets occurs only after proper authorization has been given by the Executive Director and funding agency, if applicable.

Control over the disposition of property is maintained not only to preserve the accuracy of the records but also to ensure that assets are safeguarded, improper disposal is prevented and the best possible terms are received for disposal.

The following procedures apply to the retirement and disposal of FNA assets:

1. A disposal form is completed for all disposals.
2. This disposal form is reviewed and approved by a responsible employee who is knowledgeable and not directly responsible for the asset, with ultimate approval by the Director of Finance.
3. No item of property, plant and equipment is removed from the premises without a properly approved disposal form.

*Recording Disposal*

Once the retirement has been properly approved and documented, the following procedures apply to the recording of the transaction:

1. At the time the property is retired, the cost is removed from the appropriate asset account; the related accumulated depreciation, including depreciation to date of disposal, is removed from the allowance for depreciation account; and the profit or loss, adjusted for the cost of removal, is recorded as an income (gain) or expense (loss) item.
2. When the disposal is via a trade-in of a similar asset, the acquired asset is recorded at the book value of the trade-in asset plus any additional cash paid. In no instance should such cost exceed the fair market value for the new asset.
**Fully Depreciated Assets**

Fully depreciated assets remain on the property records with the related accumulated depreciation as long as the property is still in use.

**Annual Physical Inventory**

Under the direction of the Director of Finance, a physical inventory is performed annually, preferably on the last day of FNA’s fiscal year. This physical inventory entails ensuring that all fixed assets are properly tagged as being the property of FNA and the assets are reconciled to the accounting records. Any discrepancies are resolved as part of the year-end closing procedures.
10. INSURANCE COVERAGE

Background

This section outlines the policies and procedures for the establishment and updating of FNA’s insurance coverage.

KEY POLICIES

- Insurance coverage will be maintained in adequate amounts whenever FNA operations warrant such insurance.
- Coverage is maintained at levels recommended by the Director of Finance and approved by the Board of Directors but at no less than the amount stipulated in funding agreements.
- Coverage for FNA is reviewed by the Director of Finance and Board of Directors on an annual basis.

PROCEDURES TO IMPLEMENT THESE POLICIES

Areas of Coverage

Annually, the Executive Director and the Director of Finance review with the Finance Committee the need for the following types of insurance coverage:

- Directors’ and Officers’ liability
- General liability
- Business travel
- Fire/theft
- Employee fidelity bond
- Hired and non-owned auto
- Professional liability
- Employment practices
- Business interruption insurance

In performing this review, the Director of Finance reviews governmental grants and contracts in effect to ensure compliance with any limits stipulated.

Recommendations for Revisions

Recommendations developed in the annual review are discussed with the Finance Committee and a decision is made jointly as to the need and amount of insurance. These are then passed on to the Board of Directors or Finance Committee (if applicable) for approval. The Director of Finance implements the joint decision.

Note: The Board of Directors has determined, given the nature of FNA’s operations, that the following coverage is warranted:

<table>
<thead>
<tr>
<th>Type of Policy</th>
<th>Aggregate Limits of Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors’ and Officers’ liability</td>
<td>$2 million</td>
</tr>
<tr>
<td>General liability</td>
<td>$3 million</td>
</tr>
<tr>
<td>Professional liability</td>
<td>$3 million</td>
</tr>
<tr>
<td>Umbrella</td>
<td>$1 million</td>
</tr>
<tr>
<td>Insurance Type</td>
<td>Coverage Amount</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>Cyber Liability</td>
<td>$1 million</td>
</tr>
<tr>
<td>Property insurance</td>
<td>Varies by type/location/value/etc.</td>
</tr>
<tr>
<td>Business Auto policy</td>
<td>Varies by vehicle use/value</td>
</tr>
<tr>
<td>Commercial Crime/Employee bonding</td>
<td>$500,000</td>
</tr>
<tr>
<td>Workers’ compensation</td>
<td>Varies by employee status/job class</td>
</tr>
<tr>
<td>Life insurance</td>
<td>150% of annual income for 35+ hr employee</td>
</tr>
<tr>
<td>Disability insurance</td>
<td>60% of annual for short term, maximum payout is $350 per week for 26 weeks starting on 8th day</td>
</tr>
<tr>
<td>Health insurance</td>
<td>Premiums and coverages vary for each employee &amp; family for medical, dental, and vision</td>
</tr>
</tbody>
</table>

Coverage has been obtained in the amounts indicated and will be reviewed on an annual basis.
11. ASSUMPTION AND AUTHORIZATION OF DEBT

Background

This section outlines the policies and procedures for the assumption, authorization and recording of debt.

KEY POLICIES

- All debt must be approved by the Board of Directors, and the approval must be documented in the minutes of the meeting of the Board of Directors, as well as a Board of Directors’ resolution to be presented to the third party with whom the debt is being established.

PROCEDURES TO IMPLEMENT THESE POLICIES

Board of Directors’ Resolution

The Board of Directors prepares a resolution to document the Board of Directors’ approval of the issuance of the debt.

Debt Approval and Agreement

A copy of the resolution approving the issuance of the debt is maintained with the executed copy of the debt agreement.

Records and Collateralization of Debt

A record is maintained of the assets collateralizing the debt, if any.

- The assets are specifically identified.

- The record is updated periodically (e.g., depreciation noted) to reflect the current book value of the assets.

FNA ensures that an asset does not have funder-imposed restrictions prior to pledging such asset as collateral for a debt.
12. PAYROLL/HUMAN RESOURCES (HR)

Background

This section outlines the policies and procedures for the processing of payroll within FNA:

- Establishment and maintenance of Payroll files
- Designation of employee status as exempt or non-exempt (HR)
- Monitoring of employee time cards
- Steps to processing payroll
- Alaska new hire reporting requirements
- United States work authorization status (HR)

KEY POLICIES

- All payroll files are kept both secure and confidential.
- Every position at FNA is supported by a job description and, in the case of a full-time position, an employment agreement or offer of employment. (HR)
- Completed and signed W-4 forms are retained for four years after the annual employment tax returns are filed.
- All deductions from the employee’s pay are supported by appropriate documentation to authorize each deduction.
- FNA reviews each employee relationship to ensure proper classification under Alaska and federal labor laws. (HR)
- Upon hiring, FNA examines and maintains all required information verifying the individual’s immigration status in the United States. (HR)
- All employees of FNA are required to prepare electronic time cards.
- All overtime requires prior approval from the employee’s supervisor and documentation of allowability of costs consistent with the grant or contract source funding the costs.
- Payroll expense per the accounting records is reconciled to payroll as reported on the quarterly payroll tax returns.
- Information regarding newly hired employees is remitted to the State of Alaska as required.

PROCEDURES TO IMPLEMENT THESE POLICIES

Establishing a Personnel File for Each Employee

The Human Resources Manager accumulates information and files it in the employee personnel file along with documentation of all employee evaluations and pay or job status changes. The personnel file serves as a chronological performance record throughout the employee’s tenure with FNA and, as such, is kept both secure and confidential.

Employee Information

An approved Personnel Action Form (PAF) initiates payroll activity pertaining to each employee. The PAF must contain all information needed by the Payroll Department to set up a “master payroll file” for each employee. For all direct hire employees the PAF must contain the following:
1. Employee name
2. Position title
3. Program
4. Account code
5. Type of Employment (full time, part time, temporary, etc.)
6. Starting hourly rate or salary
7. Salary – hourly and annual
8. Benefits (i.e., sick, annual leave, insurance, retirement)
9. Normal work week (i.e., 40 hours, etc.)
10. Workers’ compensation code
11. Position Control Number (PCN)

The PAF is also used to inform the Payroll Department of changes in hourly rate, salary, leave accrual basis, status, job classification or programs.

**Job Title**

Every position at FNA is supported by a job description and, in the case of a full-time position, an employment agreement or offer of employment. (HR)

**Wage Rate**

FNA’s personnel records reflect two components of an employee’s wage rate:

- Wage base (how the employee is paid— for example, by the hour, commission, or weekly salary) (HR)
- Wage amount (amount paid for each hour, day, week, or month worked)

**Withholding Status**

The completed W-4 form serves as a basis for employee withholding. An employee may amend his/her withholding allowances as needed. The withholding instructions will usually continue to apply until the employee amends the W-4 form.

Because of their importance to both the IRS and to employees, FNA retains signed original W-4 forms (no copies) for four years after the annual employment tax returns are filed.

**Other Authorized Deductions**

To accurately compute an employee’s net pay, FNA accumulates the nature and amount of any other payroll deductions, such as for retirement plans, insurance, or loan repayments. Documentation is maintained authorizing each deduction in the employee’s personnel file. The Alaska Wage and Hour Act (AWHA) and the federal Fair Labor Standards Act (FLSA) require payroll records to clearly show the date, amount, and description of deductions from wages.

**Analyzing Job Information**

Employee minimum wage and overtime requirements are set by the AWHA. Job positions are classified as either exempt or nonexempt from the requirements in accordance with the AWHA or FLSA.
**Electronic Payroll System**

The ADP electronic payroll system is intended to ensure that all salaries/wages and payroll related expenditures and liabilities are properly authorized, recorded and discharged. In general, the Payroll & Benefits Coordinator reviews Time & Attendance data entered into the system to ensure accurate payment of all wages and salaries. Prior to Payroll Processing, the Controller reviews the Payroll Preview for reasonableness and accuracy of fund and account coding and oversees the distribution of wage payments. The ADP system prepares the journal entry for recording into the General Ledger. The Controller reviews the journal entry for proper fund and account coding. The Payroll & Benefit Coordinator supervises the distribution of the payroll. Most importantly, the Payroll Department must understand and comply with all Federal and State payroll laws in order to protect and limit FNA liabilities.

**Payroll Information**

Employees are paid on a biweekly (every two weeks) basis. The workweek is defined as beginning on Monday and ending on Sunday at midnight. The pay period is defined as the designated two-week period ending on Sunday at midnight.

For employees who are non-exempt, overtime is calculated as any time worked over eight (8) hours in one day or over (40) hours in one week. There will be no pyramiding of overtime.

Time & Attendance Data are entered into the ADP system on Monday or the first working day after the end of a pay period. Employees are paid for that pay period ten working days after the end of the pay period.

**Salaried and Hourly Employees**

It is the employee’s responsibility to record time worked during the pay period. It is the responsibility of the employee’s direct supervisor to approve all time reporting for the employee.

**Recording Category of Time Used**

An employee indicates how time was spent (work, vacation, paid time off, etc.) on their electronic time card. The primary segregation is whether the time was worked time, paid leave, or unpaid leave. In categorizing time used, FNA adheres to the following AWHA or FLSA guidelines:

- Paid or unpaid leave does not count toward overtime.
- Only the excess of 8 hours worked in a day or 40 hours worked during the workweek is considered overtime for non-exempt employees. There will be no pyramiding of overtime.
- Each workweek stands alone.

**Calculating Gross Pay:**

**Exempt Employees**

The gross pay of exempt employees is calculated by dividing the annual salary by the number of pay periods during the year. FNA has 26 pay periods in one year. For any standard day in which no work is performed by an exempt employee, PTO shall be used for that day’s pay. See section 6 for exempt employees on travel status.
**Non-exempt Employees**

For non-exempt employees, gross pay is computed by multiplying the hourly pay by the number of hours worked plus paid leave during the workweek.

**Payment of Overtime**

Under the AWHA, FNA must pay overtime to workers in non-exempt positions who work more than 8 hours in a day or 40 hours during the workweek. In determining whether an employee has worked more than 40 hours a week, the number of hours worked shall be determined without including hours that are worked in excess of eight hours in a day because the employee has or will be separately awarded overtime compensation based on those hours. No overtime pay is required for employees in exempt positions regardless of the hours worked. Overtime is paid at one and one-half times the regular rate of pay.

All overtime must receive prior approval from the employee’s supervisor on the appropriate FNA overtime authorization form. The overtime authorization form will document the reason overtime was necessary and the functions performed. Prior to approval, the FNA supervisor must ensure that funds are available and properly allocable. It is the responsibility of the supervisor to fax the overtime authorization form to the Human Resources Department as soon as the overtime is worked. Any overtime expenditure not properly allowable and allocable to the state or federal funding source must be approved by the grant or contract officer prior to the overtime being worked.

Premiums for overtime, extra-pay shifts and multi-shift work are allowable only with the prior approval of the awarding agency except in the following cases: (a) When necessary to cope with emergencies, such as those resulting from accidents, natural disasters, breakdowns of equipment or occasional operational bottlenecks of a sporadic nature; (b) When employees are performing indirect functions, such as administration, maintenance or accounting; (c) In the performance of tests, laboratory procedures or other similar operations which are continuous in nature and cannot reasonably be interrupted or otherwise completed; or (d) When lower overall cost to the Federal Government will result.

**Distribution of Pay Checks**

Payroll checks are distributed to the employees either through direct deposit or by check hand-delivered by each Program Assistant. Direct deposits are authorized two weeks prior to the first payment made to an employee personal checking account.

**Reconciling Employee Payroll Deductions**

On a regular basis, the assigned accounting staff monitors deductions made from employees to the payments made to insurers, benefit plan providers and other payees.

**Annual Reconciliation of Payroll to Accounting Records**

On an annual fiscal year, FNA’s assigned accounting staff performs a reconciliation of the following:

- Gross salaries per all Forms 941
- Gross salaries per General Ledger
- Variances are researched and cleared by July 31 of the following year
**Alaska’s reporting requirements for new hires**

FNA employs individuals in Alaska only.

The State of Alaska requires that all employers report to the Alaska State Department of Child Support Services Division certain identifying information about each newly hired employee within 15 days of the employee being hired. The purpose of the New Hire Program is to facilitate the accurate and prompt determination of child support obligations so that all children will receive the financial support to which they are entitled. New hire reporting is performed by the ADP Payroll System.

**Work Authorization Status (HR)**

In accordance with the Immigration Reform and Control Act between the time FNA offers employment and the third day after a new employee starts employment, FNA is required to inspect certain documents (chosen by the employee) proving the employee’s identity and authorization to work in the United States and complete INS Form I-9. Failure to properly complete and maintain INS Form I-9 carries a penalty of $100 to $1,000 per employee.

See Form I-9, with instructions highlighting the documents that are acceptable in fulfilling the evidence requirements of Form I-9.

All Forms I-9 will be retained for the longer of three years or one year after employment termination. Forms I-9 are filed as follows:

- Alphabetically, in one file, all Forms I-9 of current employees except those whose documents are subject to expirations (such as work visas).
- Separately, all Forms I-9 that are subject to expiration, in expiration date order.
- Separately, all Forms I-9 of terminated employees, by termination date.
- The top of the form is marked with the termination date for easy reference and filing.
13. **MONITORING GOVERNMENTAL FUNDING**

**Background**

This section outlines the policies and procedures for the processing of governmental funding within FNA:

- Indirect Cost Rate Agreement
- Cost principles and grants administration
- Reconciliation of grant reporting to FNA’s accounting records
- Annual audit requirements
- Cash Management of Federal Awards
- Indirect costs

**KEY POLICIES**

- The Director of Finance negotiates an Indirect Cost Rate Agreement with FNA’s cognizant agency annually.
- All costs reported to funders are reconciled to the books and records prior to submission.
- FNA complies with annual regulatory audit and tax filing requirements.
- Ensuring that Federal cash is not maintained beyond immediate disbursing needs.

**Indirect Costs**

Indirect costs are those costs incurred for common or joint purposes that cannot be readily assigned to a particular function in FNA. FNA’s indirect costs include general and administrative expenses, such as salaries and benefits of the executive office, administration, human resources and accounting.

Indirect costs are allocated in the following manner:

**Federally Negotiated Indirect Costs (IDC) Rate** – FNA has a federally negotiated IDC rate based on a cost allocation plan negotiated and approved by the Department of the Interior, which is considered the cognizant federal agency for FNA.

**PROCEDURES TO IMPLEMENT THESE POLICIES**

**Indirect Cost Allocation Plan**

As part of the annual budgetary process, the Executive Director and the Director of Finance review the programs to be delivered in the coming year and determine the costs to deliver each program. These costs are segregated between indirect costs and direct costs of delivering the specific programs. In this effort, the Director of Finance approaches the Department of Interior with FNA’s IDC proposal. Once the Department of Interior has had time to review the proposal, a negotiated rate will be applied to all direct cost expenditures of each program.
**Collateralized Deposits**

FNA must obtain collateral for all public/governmental deposits above current FDIC coverage amounts. The Director of Finance is responsible for routinely monitoring and adjusting the amount of collateral necessary to insure the public/governmental funding in all bank accounts.

**Monitoring of Employee Time Reporting**

Time reporting serves several purposes. This is the means by which FNA tracks the number of hours an employee works for payroll purposes. In the case of restricted funding for specific positions, time reporting serves as the method of tracking the level of effort for an employee for a given program and as such serves as the basis for a salary charge to be allowable under a restricted grant. Prior to finalizing payroll, the Staff Accountants review the Labor Distribution for accuracy. All employees of FNA are required to enter their time in the ADP Payroll System.

**Segregation of Costs**

FNA utilizes a fund accounting system. A fund is a separate accounting entity with a self-balancing set of accounts. Hence, each grant has a stand-alone detailed accounting of revenues and expenditures attributable to it during the life of the grant. This accounting is based on the life of the grant and is irrespective of FNA’s fiscal year. All charges to the grant are based on direct costs incurred or indirect costs allocated consistent with the negotiated IDC Rate Agreement.

**Mandated Cost Principles/Contract Management**

Governmental funding for FNA is composed of the following:

- Federal funding (direct, state pass-through, city pass-through)
- Funding from the State of Alaska
- Other funding

**Federal and State Grants**

Each federal grant/contract provides specific contract compliance guidelines to which FNA is held accountable. Federal funding guidelines are based on the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* issued by the United States Office of Management and Budget, which outlines the basic principles that indicate the allowability of costs and hence form an integral part of FNA’s reference documents when carrying out programs funded by federal agencies.

A State grantor will also provide reference to the appropriate governing state grant regulations as published in the Alaska Administrative Code.

To ensure compliance with the funder’s requirements, the Director of Finance is responsible for reviewing each grant/contract prior to final acceptance by FNA, and it is his/her responsibility to ensure ultimate compliance therewith.

**Cash Management of Federal Awards**

Fairbanks Native Association draws down Federal funds once a month. For each Federal grant, the
Director of Finance will prepare a revenue and expense statement. This statement will be prepared on a cash basis rather than accrual to insure that there is no gap between the actual disbursal of any accounts or wages payable and the drawdown request. The Director of Finance will review the revenue and expense statement to insure that all expenses are allowable — that is, they are necessary and reasonable for proper and efficient performance and administration of the Federal award.

**Cost Sharing and Matching Requirements**

Cost sharing and required matching shall be reported for federal grants on the required Financial Status Reports (SF 425). Once the SF 425 is completed, the Staff Accountant will forward the original with the corresponding documentation to the Director of Finance for final review and approval before submission to the appropriate funding agency.

Primary responsibility for documenting and reporting cost sharing and matching shall rest primarily with the program director who is the designated grant manager. On a periodic basis the program director shall submit to the assigned staff accountant a matching expense summary. The assigned Staff Accountant will review the summary and prepare a journal entry to record the matching revenue and expense with the approval of the Director of Finance. Grant expenditure reports are generated by the assigned staff accountants and approved by the Director of Finance before submitting to the granting agency.

**Annual Audit Requirements**

FNA receives over $750,000 in federal funds and is therefore required to undergo an independent audit under the Uniform Guidance. This audit is to be completed within nine months of FNA’s fiscal year-end and must be submitted electronically to the Federal Audit Clearinghouse within thirty days.

**Advances on Contracts**

Certain government grants will assist FNA’s cash flow by providing a portion of the contract (normally between 25% and 100%) as an advance to be recouped via reduction to subsequent payments throughout or toward the end of the contract. FNA recognizes that these advances are a liability to FNA and in forecasting cash flows takes into account the timing of recoupment of these amounts by the funding agency.
14. RECORD RETENTION

Background

This section outlines FNA’s record retention policies and procedures.

KEY POLICIES

- Records will be maintained for the periods sufficient to satisfy IRS regulations, federal grant requirements, OMB Circular A-133 audit requirements, if applicable, and other legal needs as may be determined.
- Record retention requirements are reviewed annually with In-House Counsel and independent auditors to determine any necessary changes.

PROCEDURES TO IMPLEMENT THESE POLICIES

<table>
<thead>
<tr>
<th>Types of Records</th>
<th>Retention Period</th>
<th>Types of Records</th>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accounting</strong></td>
<td></td>
<td><strong>Correspondence</strong></td>
<td></td>
</tr>
<tr>
<td>Bank statements and deposit slips</td>
<td>3 years</td>
<td>General</td>
<td>2 years</td>
</tr>
<tr>
<td>Payroll (time sheets)</td>
<td>3 years</td>
<td>Legal and tax</td>
<td>Indefinitely</td>
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<tr>
<td>Expense reports</td>
<td>6 years</td>
<td>License</td>
<td>Indefinitely</td>
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<tr>
<td>Subsidiary ledgers (accounts payable ledgers and accounts receivable ledgers)</td>
<td>6 years</td>
<td>Informal</td>
<td>Only as needed</td>
</tr>
<tr>
<td>Checks (payroll and general)</td>
<td>8 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll (individual time sheets and earning records)</td>
<td>8 years</td>
<td>Accident reports</td>
<td>6 years</td>
</tr>
<tr>
<td>Vouchers for payment to vendors, employees, and others</td>
<td>8 years</td>
<td>Fire inspection reports</td>
<td>6 years</td>
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<td>Audit reports</td>
<td>Indefinitely</td>
<td>Safety reports</td>
<td>8 years</td>
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<tr>
<td>General ledgers and journals</td>
<td>Indefinitely</td>
<td>Claims (after settlement)</td>
<td>10 years</td>
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<td>Support for endowment contributions</td>
<td>Indefinitely</td>
<td>Personnel</td>
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<td>Unrestricted contribution notification letters</td>
<td>Indefinitely</td>
<td>Daily time reports</td>
<td>6 years</td>
</tr>
<tr>
<td>Restricted contribution notification letter</td>
<td>3 years after restriction lapse</td>
<td>Withholding tax statements</td>
<td>2 years</td>
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<tr>
<td><strong>Corporate</strong></td>
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<td><strong>Purchasing and sales</strong></td>
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<tr>
<td>Mortgages, notes, and leases expired</td>
<td>8 years</td>
<td>Purchase orders</td>
<td>3 years</td>
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<tr>
<td>Annuity gift agreements</td>
<td>Indefinitely</td>
<td>Requisitions</td>
<td>3 years</td>
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<tr>
<td>Bylaws, charters, and minutes books</td>
<td>Indefinitely</td>
<td>Sales contracts</td>
<td>3 years</td>
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<tr>
<td>Checks (taxes, property and fulfillment of important contracts)</td>
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<td></td>
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<tr>
<td>Contracts and agreements</td>
<td>Indefinitely</td>
<td>Sales invoices</td>
<td>3 years</td>
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<td>Copyrights and trademark registrations</td>
<td>Indefinitely</td>
<td>Bills of lading</td>
<td>4 years</td>
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<td>Deeds and easements</td>
<td>Indefinitely</td>
<td>Shipping and receiving reports</td>
<td>4 years</td>
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<td>Labor contracts</td>
<td>Indefinitely</td>
<td><strong>Electronic records of any kind</strong></td>
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<td>Life income agreements</td>
<td>Indefinitely</td>
<td>Records on computer file servers, individual computers, CDs, disks</td>
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<td>Patents</td>
<td>Indefinitely</td>
<td>E-mail</td>
<td>30 days (current file) to 18 months (backup file) retention is preferred</td>
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<td>Retirement and pension records</td>
<td>Indefinitely</td>
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<tr>
<td>Tax returns and work papers</td>
<td>Indefinitely</td>
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<tr>
<td>Underlying tax return support</td>
<td>7 years</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
15. DEFINITIONS OF ACCOUNT STRUCTURE

Background

This section outlines key account definitions relevant to FNA’s reporting structure.

Assets

Cash and Cash Equivalents

- Cash on hand and in the bank
- Certificates of deposit
- Money market accounts

Accounts Receivables

Include amounts due FNA from providing program services, sale of publications and materials, etc. These are recorded when the services have been provided.

Prepaid Assets

Payments made for goods and services whose benefit exceeds the annual operating cycle of FNA. Common examples are payments for insurance policies whose expiration date exceeds the end of the current fiscal year.

Property and Equipment

Property and equipment include the assets used in FNA’s activities and programs that have an estimated useful life longer than one year. They include:

- Land
- Buildings
- Leasehold improvements
- Automobile and other transportation vehicles
- Office furniture and administrative equipment
- Computer hardware and software
- Items leased from others under capital leases

Purchased property and equipment is recorded at cost, and donated property and equipment is recorded at fair market value at the date of donation. Acquisition costs include all costs necessary to bring the asset to its location in working condition, as follows:

- Sales tax, if any
- Freight
- Installation costs
- Direct and indirect costs, including interest, incurred in construction.
Liabilities

Accounts Payable

Accounts payable include costs and expenses that are billed through a vendor invoice and are recorded at the invoice amount.

Accrued payroll

These include: gross compensation for one period not paid until the next pay period; bonuses earned and not yet paid; employer taxes on all compensation.

Accrued vacation and sick leave

Liability for future absences is recorded if the obligation is attributed to services already rendered.

Deferred Revenue

Collections received in advance of the delivery of goods or services or performance of services. The primary source of deferred revenues is the advances on government grants.

Debt

Debt obligations may be short term or long term. These include notes and capital lease obligations.

Net Assets

Classes of Net Assets

FNA classifies net assets by nature and they are segregated among:

Unrestricted – Unrestricted contributions are those contributions that are free of donor restrictions on their usage.

Temporarily Restricted – Temporarily restricted contributions have donor-imposed restrictions that may be removed by the passage of time or an act of FNA.

Permanently Restricted – Permanently restricted contributions are those contributions with restrictions that can never be removed.

Designations

A designation is a voluntary Board of Directors-approved segregation of unrestricted net assets for a specific purpose or project. These are provided for the Board of Directors and can be reversed by the Board of Directors at any time. Although a component of Unrestricted Net Assets, Board of Directors designated net assets are shown as a separate classification on the financial statements.
Revenue

Types of Support

Contributions

A contribution represents a voluntary, non-reciprocal transfer of assets that is unconditional. In exchange for the contribution made the grantor receives nothing. Contributions are segregated into:

Unrestricted Support - No restrictions imposed by donor.

Temporarily Restricted - Donor imposed restrictions such as passage of time or specific use. When the restrictions are met the contribution is reclassified from temporarily restricted to unrestricted.

Permanently Restricted - Endowment: Principal must remain intact but income can be used. Income can be restricted or unrestricted, depending on donor.

Grants

Revenue from government grants and contracts is recognized when the related services are rendered. In these cases, the grant agreement specifies how the grant support is to be recognized as income and specifies that unused grant funds must be returned. Amounts received from the grantor that have not been earned are deferred until they are earned and remain as a liability on the balance sheet.

Fees for Performance of Services - Client Pay

Service fees are exchange transactions, with revenues being recognized when the services are rendered.

Donated Goods

Recorded as match revenue and expenses. Donated goods are recorded at fair market value

Donated Services

Donated services are recorded only in cases where they relate to specialized skills that would have to be purchased if not donated and be provided by someone having those skills.

Expenses

- Natural (Object) Classification

This classification is based on the nature of the expense such as salaries and benefits, professional fees, rent, etc.
• **Functional Classification**

This classification is based on the purpose for which the expenses are incurred. This often requires the allocation of natural expenses to the proper functions. The functional classification of expenses assists the reader in assessing FNA’s service efforts. The expenses should be segregated into the following:

**Program Service Expense** - the direct and indirect costs related to providing FNA’s programs or social services.

**Supporting Service Expenses** - expenses for activities not directly related to the purpose for which FNA programs exist. These are broadly categorized as:

- **Management and General Expenses** - relate to the overall direction of FNA and include expenses for the activities of the Board of Directors, business management, general record keeping and budgeting.

- **Fundraising Expenses** - costs of all activities that constitute an appeal for financial support and include costs of personnel, professional consultants, rent, printing, postage, telephone, etc. Unless specifically allowed, fundraising costs are not funded.
FNA FINANCIAL POLICIES

APPENDIX

Appendix A  Organizational Structure
Appendix B  Fiscal Related Forms
APPENDIX A. ORGANIZATIONAL STRUCTURE

Background

A key element of FNA’s fiscal policies and procedures is the clear understanding of roles and responsibilities within the organization with regard to the fiscal department. In the attached organizational chart we have outlined the reporting lines and in the pages that follow are mission statements and job descriptions of the following groups and positions:

- Board of Directors
- Finance Committee
- Executive Director
- Finance Director
- Director of Human Resources
Fairbanks Native Association
Organizational Chart
Finance Committee Responsibilities

The Finance Committee in collaboration with the Finance Director is responsible for the fiscal roles and responsibilities of the Board of Directors in a more direct fashion. The committee is headed by the Treasurer of FNA.

Roles of the Finance Committee:

- Meet on a bi-monthly basis to review financial situation and status of the company
- Ensure that FNA maintains accurate and complete financial records
- Ensure that accurate, timely and meaningful financial statements are prepared and presented to the Board of Directors
- Monitor the financial management and budgeting processes for the organization
- Safeguard FNA’s assets
- Comply with federal, state and other reporting requirements
- Help the full Board of Directors understand FNA’s financial affairs
- Appointment of, and communication with, FNA’s independent auditors
- Review and approval of the annual, audited financial statements
- Discussion of internal control matters with the independent auditor
- Responding to any instances of fraud involving an employee of FNA
Fiscal Responsibilities: EXECUTIVE DIRECTOR

Reports To: Board of Directors

ESSENTIAL FISCAL DUTIES AND RESPONSIBILITIES

Fiscal Management:
Responsible for the following areas, either directly or via subordinate positions:

- Directs and coordinates the establishment and monitoring of the organization’s operating budget
- Oversees and directs treasury, budgeting, audit, tax, accounting, purchasing, real estate, and insurance activities for FNA
- Interacts with the finance committee of the Board of Directors
- Appraises the Organization's financial position and issues periodic financial and operating reports to the Board of Directors
- Responsible for development and adherence to internal control policies
- Develops fiscal policies and procedures for the Organization in conjunction with the Treasurer of the Organization, as well as the Director of Finance
- Assure organization compliance with grant and other contractual requirements

Fundraising:
- On an annual basis, determine areas in need of additional funding resources
- Routinely review opportunities to obtain support from potential funding sources, including government agencies, corporations, and foundations
- Direct, facilitate, monitor, and evaluate the organization’s fundraising campaigns

MINIMUM EDUCATION/EXPERIENCE REQUIREMENTS
Experience in a public health, human services, or community based organization, including administrative experience supervising professional staff. Minimum bachelor’s degree or equivalent life experience.
Fiscal Responsibilities: DIRECTOR OF FINANCE

Department: Fiscal
Reports to: Executive Director

SUMMARY

Directs FNA’s financial planning and accounting practices as well as its relationship with lending institutions, funders, and the financial community by performing the following duties personally or through subordinate managers

ESSENTIAL DUTIES AND RESPONSIBILITIES

- Responsible for development and adherence to internal control policies
- Oversees and directs treasury, budgeting, audit, tax, accounting, purchasing, real estate, and insurance activities for FNA
- Develops fiscal policies and procedures for FNA in conjunction with the Executive Director
- Coordinates with the Treasurer in activities as manager and custodian of investments and other assets of FNA
- Interacts with the finance committee of the Board of Directors
- Appraises FNA's financial position and issues periodic financial and operating reports to the Executive Director, and to the Board of Directors
- Directs and coordinates the establishment and monitoring of FNA’s operating budget
- Plans and directs implementation and administration of employee benefit programs

EDUCATION/EXPERIENCE REQUIREMENTS

- Minimum Bachelor’s Degree in Accounting, Finance, Economics, Business or Public Administration
- Minimum two years of experience in a leadership capacity within a fiscal department
- Knowledge of computerized accounting software
**Fiscal Responsibilities: HUMAN RESOURCES DIRECTOR**

Department: Human Resources  
Reports To: Executive Director

**ESSENTIAL FISCAL DUTIES AND RESPONSIBILITIES**

- Records employee information such as personal data, compensation, attendance, performance reviews or evaluations, and termination date and reason
- Updates employee files to document personnel actions and to provide information for payroll and other uses
- Monitors accumulation of employee accrued personal leave
- Prepares and files reports of accidents and injuries at establishment
- Coordinates with the Director of Finance in the development and maintenance of the total compensation package for employees

**MINIMUM EDUCATION/EXPERIENCE REQUIREMENTS**

- Minimum Associates degree toward Bachelor’s Degree in Human Resource Management
APPENDIX B. FORMS

PROCESSING COMPANY EXPENDITURES
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FEDERAL CIRCULARS – Available online
Office of Management and Budget

OMB CIRCULAR A-110, Uniform Administrative Requirements for Grants
And Agreements with Institutions of Higher Education, Hospitals, and Other Non Profit
OMB CIRCULAR A-122, Cost Principles for nonprofit Organizations
OMB CIRCULAR A-133, Audits of States, Local Governments, and Non Profit Organizations
Uniform Administrative Requirement, Cost Principles and Audit Requirements for Federal Awards
# PURCHASE ORDER

**FAIRBANKS NATIVE ASSOCIATION**

605 HUGHES AVENUE, SUITE 100 • FAIRBANKS, ALASKA 99701-7539

TELEPHONE (907) 452-1648

---

**TO**

ADDRESS

CITY

DATE

PROGRAM

**SHIP TO**

ADDRESS

DATE REQUIRED

CITY

TERMS

---

<table>
<thead>
<tr>
<th>QUANTITY ORDERED</th>
<th>PLEASE SUPPLY ITEMS LISTED BELOW</th>
<th>UNIT PRICE</th>
<th>TOTAL PRICE</th>
<th>RECEIVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
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<td>11</td>
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</tr>
<tr>
<td>12                Line Item:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13                Justification:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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**IMPORTANT INSTRUCTIONS TO VENDORS**

No substitutions will be accepted if prices listed are incorrect or merchandise is not available.

Purchase order number must appear on all shipping tags, labels, invoices and statements to ensure payment.

Separate invoices must be issued for each purchase order.

ORDERS WILL BE SHIPPED CHEAPEST AND BEST CARRIER(S).

To ensure payment, within 30 days, send invoices in duplicate to 605 Hughes Avenue, Suite 100, Fairbanks, Alaska 99701-7539

Program: 

Date: 

Fiscal: 

Date: 

Executive: 

Date:
FAIRBANKS NATIVE ASSOCIATION, INC.
PAYMENT REQUEST VOUCHER

Payee ___________________________ Date ____________

______________________________

Charge Program __________________ Amount ____________

<table>
<thead>
<tr>
<th>INVOICE</th>
<th>Description</th>
<th>Account Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Number</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Total:

Special
Information

_________________________________________________________________

Program __________________ Date ____________

Fiscal __________________ Date ____________

Executive ________________ Date ____________
Appendix B  Page 4

Form W-9
Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Name (as shown on your income tax return)

Business name, if different from above

Check appropriate box: □ Individual/sole proprietor □ Corporation □ Partnership □ Limited liability company. Enter the tax classification (E=dissolved entity, C=corporation, P=partnership) □ …… □ Exempt payee

Address (number, street, and apt. or suite no.)

City, state, and ZIP code

Requester’s name and address (optional)

List account number(s) here (optional)

Part I  Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN on page 3.

Note: If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II  Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and

2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and

3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, or contributions to an Individual Retirement Arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here ▶

Signature of U.S. person ▶

Date ▶

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued), and

2. Certify that you are not subject to backup withholding, or

3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners’ share of effectively connected income.

Note: If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,
## VEHICLE MILEAGE REIMBURSEMENT FORM

### Employee Information

<table>
<thead>
<tr>
<th>Employee Name:</th>
<th>Job Title:</th>
<th>Miles Per MI</th>
<th>Allocation</th>
</tr>
</thead>
</table>

### Program Information

<table>
<thead>
<tr>
<th>Program Name:</th>
<th>Program #:</th>
<th>Miles Per MI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program A</td>
<td>6131</td>
<td></td>
</tr>
<tr>
<td>Program B</td>
<td>6131</td>
<td></td>
</tr>
<tr>
<td>Program C</td>
<td>6131</td>
<td></td>
</tr>
<tr>
<td>Program D</td>
<td>6131</td>
<td></td>
</tr>
</tbody>
</table>

Designate each trip to specific program by noting A, B, C, or D in the "Program" column below. Use separate sheet for more programs.

<table>
<thead>
<tr>
<th>Date</th>
<th>Purpose of Trip</th>
<th>Location From/To</th>
<th>Starting Mileage</th>
<th>Ending Mileage</th>
<th>P#</th>
<th>Miles Traveled</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

I certify that the above information is true to the best of my knowledge and that the mileage recorded was incurred in performing legitimate business of the program.

**Signatures**

<table>
<thead>
<tr>
<th>Employee:</th>
<th>Date:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Program:</th>
<th>Date:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Fiscal:</th>
<th>Date:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Executive:</th>
<th>Date:</th>
</tr>
</thead>
</table>

TOTAL MILES: X 50

TOTAL TO BE REIMBURSED:

---

201 First Avenue, Suite 200  Fairbanks, AK  99701  (907) 452-1648 Fax 456-4148
TRAVEL REQUEST AND JUSTIFICATION FORM

Employee: ____________________________

WRITE IN NAME AS IT APPEARS ON DRIVER’S LICENSE OR PASSPORT

Title: ____________________________ BIRTH DATE: ____________________________

Program Name: ____________________________ Fund No. ____________________________

Date: ____________________________

Hereby requests permission to attend: ____________________________

______________________________ from ____________________________ to ____________________________

AIRLINE MILEAGE NUMBER: ____________________________

In order to insure that all FNA sponsored travel meets the guidelines established by the Finance Committee and the FNA Board of Directors, the following criteria must be addressed prior to each travel request. Please complete the following as comprehensively as necessary to justify the travel expenditure. Please have this form to your supervisor at least three weeks prior to the date of requested travel and to the Accounting Department at least two weeks prior to the date of requested travel to allow sufficient time to process and get the best-ticketed rates for purchase. NEW AIRLINES REGULATIONS REQUIRE THE FULL NAME AND BIRTH DATE WHEN BOOKING FLIGHTS.

Justification for the trip: (Is this trip identified in your grant as a requirement)

Where is this expense identified in your budget?

Identify outcome of this trip: (How will this trip benefit FNA? Unless authorized by granting agency or other funding source, travel should not be for personal staff development)

605 Hughes Ave., Suite 100 ♦ Fairbanks, AK 99701 ♦ Phone (907) 452-1648 Fax (907) 456-4148
# FNA Travel Request and Justification Form

**Completed by Program Assistant**

<table>
<thead>
<tr>
<th>Item</th>
<th>Estimated Cost</th>
<th>PO / TA #</th>
<th>Accounting Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition/Regis.</td>
<td></td>
<td></td>
<td>Tuition/Regis.</td>
</tr>
<tr>
<td>Materials</td>
<td></td>
<td></td>
<td>Materials</td>
</tr>
<tr>
<td>Travel</td>
<td></td>
<td></td>
<td>Travel</td>
</tr>
<tr>
<td>Car Rental</td>
<td></td>
<td></td>
<td>Car Rental</td>
</tr>
<tr>
<td>Per Diem Rate</td>
<td></td>
<td></td>
<td>Per Diem Rate</td>
</tr>
</tbody>
</table>

**Completed by Travel Office**

<table>
<thead>
<tr>
<th>Item</th>
<th>Final Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition/Regis.</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td></td>
</tr>
<tr>
<td>Car Rental</td>
<td></td>
</tr>
<tr>
<td>Per Diem Rate</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Est. Cost</th>
<th>Total Final Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Total estimated cost: __________________________

Employee's Signature & Date

Total final cost: __________________________

Budget amount available for travel ____________

Staff Accountant Approval ____________

Car rental requested

<table>
<thead>
<tr>
<th>NO</th>
<th>YES</th>
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<tbody>
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<td>□</td>
<td>□</td>
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</table>

How long ________________

Excess baggage

<table>
<thead>
<tr>
<th>NO</th>
<th>YES</th>
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</thead>
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<tr>
<td>□</td>
<td>□</td>
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</table>

Describe ________________

List the dates of travel that are personal:

□ This activity is mandatory for this employee to perform the requirements of the project/program/organization.

□ This Tuition/Training/Travel/Meeting is not mandatory and is hereby to denied for the following reason: ______________________________________

Program Signature & Date

Once this travel is approved at the program and finance level, please note that approval by the Executive Director is required for all travel outside the State of Alaska.

□ Travel outside of Alaska

Approved by Executive Director ____________ Date ____________
FAIRBANKS NATIVE ASSOCIATION
TRAVEL EXPENSE REPORT

### ALL TRAVEL EXPENSES

<table>
<thead>
<tr>
<th>Date</th>
<th>Detail</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>PER DIEM (per Federal rates)</td>
<td>days @ $</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>S M TU W TH F S</td>
<td></td>
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<tr>
<td></td>
<td>AIRFARE (even if paid by FNA)</td>
<td></td>
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<tr>
<td></td>
<td>CAR RENTAL (if pre-approved)</td>
<td></td>
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<td></td>
<td>TAXI's</td>
<td></td>
</tr>
<tr>
<td></td>
<td>MILEAGE (does not apply to car rentals)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>OTHER (please detail)</td>
<td></td>
</tr>
</tbody>
</table>

TOTAL EXPENSES

### EXPENSE SUMMARY

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenses Reported (from above)</td>
<td></td>
</tr>
<tr>
<td>Less Cash Advance to Employee Check#</td>
<td></td>
</tr>
<tr>
<td>Less Amount Paid by FNA</td>
<td></td>
</tr>
<tr>
<td>Total Due Employee</td>
<td></td>
</tr>
<tr>
<td>Total Due FNA (Please include payment with report.)</td>
<td></td>
</tr>
</tbody>
</table>

I CERTIFY THAT THE ABOVE INFORMATION IS TRUE TO THE BEST OF MY KNOWLEDGE AND THAT THE EXPENSES LISTED WERE INCURRED WHILE PERFORMING LEGITIMATE BUSINESS OF THE PROGRAM.

SIGNATURES:

EMPLOYEE: ___________________________ DATE: _____________

PROGRAM DIRECTOR: ___________________________ DATE: _____________

ACCOUNTANT: ___________________________ DATE: _____________

THIS REPORT MUST BE SUBMITTED WITH ALL RECEIPTS WITHIN TWO WEEKS OF RETURN DATE.
## PAYROLL ACTION FORM

**Program**

**Funding code(s)**

**Employee**

**Emp #**

**Effective:**

### PART I: ADD TO PAYROLL

<table>
<thead>
<tr>
<th>Regular</th>
<th>On-Call</th>
<th>Full Time</th>
<th>Exempt</th>
<th>New Hire</th>
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</table>

**Last Time Date:** __________

**Job Title:** __________

**Hours per week:** __________

**Rate of Pay:** __________

**PCN**

**Salary Basis:**

**Other Special Conditions:**

### PART II: CHANGE OF STATUS

<table>
<thead>
<tr>
<th>Change of Status</th>
<th>Promotion</th>
<th>Date of Next Review</th>
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</table>

<table>
<thead>
<tr>
<th>Annual Evaluation</th>
<th>Transfer</th>
<th>Other:</th>
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</tbody>
</table>

**Status** __________

**PCN** __________

**Status** __________

**PCN** __________

<table>
<thead>
<tr>
<th>Job Title:</th>
<th>Pay Rate:</th>
<th>Hours per week:</th>
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</thead>
<tbody>
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</table>

<table>
<thead>
<tr>
<th>Pay Rate:</th>
<th>Hours per week:</th>
</tr>
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</tbody>
</table>

**Funding Code/Prog.:** __________

### PART III: TERMINATION

<table>
<thead>
<tr>
<th>Voluntary</th>
<th>Involuntary</th>
<th>Layoff</th>
<th>Final Pay Due:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Eligible for rehire (yes or no)</th>
<th>Regular Work Hours</th>
<th>PTO payout</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

**Comments:**

Employee owes FNA
Which is to be deducted from final pay.

Employee has turned in all FNA property to include keys, manuals and other documents or materials entrusted to him.

**Supervisor must** initial these statements

**Forwarding Address:**

**Name**

**Street No. or P.O.**

**City**

**State**

**Zip**

**Approvals:**

**Program** __________

**Date** __________

**Fiscal** __________

**Date** __________

**Executive** __________

**Date** __________
Fairbanks Native Association
Authorization Agreement for Automatic Deposits

Employee
Name: ____________________________
(as it appears on bank account)
Social Security Number: ____________________________

I authorize Fairbanks Native Association, to initiate credit entries and to initiate, if necessary, debit entries and adjustments for any credit entries in error to my Checking or Savings account.

I acknowledge and agree that if the name and/or account number provided to Fairbanks Native Association is incorrect a deposit may be made and applied based on the information provided. Fairbanks Native Association does not assume any liability in such circumstances.

I acknowledge that it can take 2-3 pay days to take effect. In the meantime, I will receive a paper check.

_____ I choose to participate in direct deposit
_____ I choose to change checking/savings information for direct deposit
_____ I choose to discontinue my direct deposit offer by my employer

_____ Checking (Please attach a voided check)
Branch: ____________________________
City: ____________________________ State: ____________________________ Zip: ____________________________
Transit/ABA No: ____________________________ Account No: ____________________________

_____ Savings (Please attach a deposit ticket)
Branch: ____________________________
City: ____________________________ State: ____________________________ Zip: ____________________________
Transit/ABA No: ____________________________ Account No: ____________________________

I have read and understand the agreement that I am entering into with Fairbanks Native Association.

__________________________  ____________________________
Signature  Date

IF POSSIBLE ATTACH A VOIED CHECK OR DEPOSIT SLIP
Form W-4 (2010)

Purpose. Complete Form W-4 so that your employer withholds the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. If you are exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2010 expires February 16, 2011. See Pub. 505, Tax Withholding and Estimated Tax.

Note. You cannot claim exemption from withholding if all your income exceeds $500 and includes more than $500 of unearned income (for example, interest and dividends) and the other person can claim you as a dependent on his or her tax return.

Basic instructions. If you are not exempt, complete the Personal Allowances Worksheet below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earners/multiple-job situations.

Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

Head of household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your qualifying individuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the Personal Allowances Worksheet below. See Pub. 919, How Do I Adjust My Tax Withholding, for information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax if you have pension or annuity income, see Pub. 590, to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 919 for details.

Nonresident alien. If you are a nonresident alien, see Notice 1352, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Check your withholding. After your Form W-4 takes effect, use Pub. 919 to see how the amount you are having withheld compares to your projected total tax for 2010. See Pub. 919, especially if your earnings exceed $130,000 (Single) or $150,000 (Married).

---

Personal Allowances Worksheet (Keep for your records.)

<table>
<thead>
<tr>
<th>A</th>
<th>Enter &quot;1&quot; for yourself if no one else can claim you as a dependent.</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Enter &quot;1&quot; if:</td>
</tr>
<tr>
<td>C</td>
<td>Enter &quot;1&quot; for your spouse. But, you may choose to enter &quot;0&quot; if you are married and have either a working spouse or more than one job. (Entering &quot;0&quot; may help you avoid having too little tax withheld.)</td>
</tr>
<tr>
<td>D</td>
<td>Enter number of dependents (other than your spouse or yourself) you will claim on your tax return.</td>
</tr>
<tr>
<td>E</td>
<td>Enter &quot;1&quot; if you will file as head of household on your tax return (see conditions under Head of household above).</td>
</tr>
<tr>
<td>F</td>
<td>Enter &quot;1&quot; if you have at least $1,800 of child or dependent care expenses for which you plan to claim a credit.</td>
</tr>
</tbody>
</table>

(Note. Do not include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)

G Child Tax Credit (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information.

H Add lines A through G and enter total here. (Note. This may be different from the number of exemptions you claim on your tax return.)

For accuracy, complete all worksheets that apply.

---

Employee’s withholding allowance certificate.

Employee’s Withholding Allowance Certificate

Cut here and give Form W-4 to your employer. Keep the top part for your records.

Form W-4

Department of the Treasury

Internal Revenue Service

OMB No. 1545-0074

2010

Type or print your first name and middle initial. Last name

Home address (number and street or rural route) City or town, state, and ZIP code

State

9 Single □ Married □ Married, but withheld at higher single rate. Here, if married, legally separated, or spouse is not a resident of state, check the "single" box.

If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1278 for a replacement card.

5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)

6 Additional amount, if any, you want withheld from each paycheck

7 I claim exemption from withholding for 2010 and I certify that I meet both of the following conditions for exemption:

□ Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and

□ This year I expect a refund of all federal income tax withheld because I expect to have no tax liability.

Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief, it is true, correct, and complete.

Employee’s signature

Date

For Privacy Act and Paperwork Reduction Act Notice, see page 2.

Cat. No. 10220G

Form W-4 (2010)
Appendix B  Page 12

Deductions and Adjustments Worksheet

Note. Use this worksheet only if you plan to itemize deductions or claim certain credits or adjustments to income.

1 Enter an estimate of your 2010 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions. $11,400

2 Enter:
   - $5,400 if married filing jointly or qualifying widow(er)
   - $3,400 if head of household
   - $2,700 if single or married filing separately

3 Subtract line 2 from line 1. If zero or less, enter "-0-". 3 $

4 Enter an estimate of your 2010 adjustments to income and any additional standard deduction. (Pub. 919). 4 $

5 Add lines 3 and 4 and enter the total. (Include any amount for credits from Worksheet 6 in Pub. 919). 5 $

6 Enter an estimate of your 2010 nonwage income (such as dividends or Interest). 6 $

7 Subtract line 5 from line 6. If zero or less, enter "-0-". 7 $

8 Divide the amount on line 7 by $3,650 and enter the result here. Drop any fraction. 8

9 Enter the number from the Personal Allowances Worksheet, line H, page 1. 9

10 Add lines 8 and 9 and enter the total here. If you plan to use the Two-Earners/Multiple Jobs Worksheet, enter this total on line 1 below. Otherwise, stop here and enter this total on Form W-4, line 5, page 1. 10

Two-Earners/Multiple Jobs Worksheet (See Two earners or multiple jobs on page 1.)

Note. Use this worksheet only if the instructions under line H on page 1 direct you here.

1 Enter the number from line H, page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet) 1

2 Find the number in Table 1 below that applies to the LOWEST paying job and enter it here. However, if you are married filing jointly and wages from the highest paying job are $65,000 or less, do not enter more than "3." 2

3 If line 1 is more than or equal to line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "-0-".) and on Form W-4, line 5, page 1. Do not use the rest of this worksheet. 3

Note. If line 1 is less than line 2, enter "-0-" on Form W-4, line 5, page 1. Complete lines 4-8 below to figure the additional withholding amount necessary to avoid a year-end tax bill.

4 Enter the number from line 2 of this worksheet. 4

5 Enter the result from line 1 of this worksheet. 5

6 Subtract line 5 from line 4. 6

7 Find the amount in Table 2 below that applies to the HIGHEST paying job and enter it here. 7 $

8 Multiply line 7 by line 6 and enter the result here. This is the additional annual withholding needed. 8 $

9 Divide line 8 by the number of pay periods remaining in 2010. For example, divide by 26 if you are paid every two weeks and you complete this form in December 2009. Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck. 9 $

Table 1

<table>
<thead>
<tr>
<th>Married Filing Jointly</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>If wages from LOWEST paying job are—</td>
<td>Enter on line 2 above</td>
</tr>
<tr>
<td>$0 - $7,000</td>
<td>0</td>
</tr>
<tr>
<td>7,001 - 10,000</td>
<td>1</td>
</tr>
<tr>
<td>10,001 - 15,000</td>
<td>2</td>
</tr>
<tr>
<td>15,001 - 22,000</td>
<td>3</td>
</tr>
<tr>
<td>22,001 - 37,000</td>
<td>4</td>
</tr>
<tr>
<td>37,001 - 50,000</td>
<td>5</td>
</tr>
<tr>
<td>50,001 - 65,000</td>
<td>6</td>
</tr>
<tr>
<td>65,001 - 80,000</td>
<td>7</td>
</tr>
<tr>
<td>80,001 - 95,000</td>
<td>8</td>
</tr>
<tr>
<td>95,001 - 120,000</td>
<td>9</td>
</tr>
<tr>
<td>120,001 - over</td>
<td>10</td>
</tr>
<tr>
<td>72,001</td>
<td>11</td>
</tr>
<tr>
<td>85,001</td>
<td>12</td>
</tr>
<tr>
<td>105,001</td>
<td>13</td>
</tr>
<tr>
<td>115,000 - 130,000</td>
<td>14</td>
</tr>
<tr>
<td>130,001 and over</td>
<td>15</td>
</tr>
</tbody>
</table>

Table 2

<table>
<thead>
<tr>
<th>Married Filing Jointly</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>If wages from HIGHEST paying job are—</td>
<td>Enter on line 7 above</td>
</tr>
<tr>
<td>$0 - $35,000</td>
<td>$50</td>
</tr>
<tr>
<td>35,001 - 50,000</td>
<td>120</td>
</tr>
<tr>
<td>50,001 - 75,000</td>
<td>185</td>
</tr>
<tr>
<td>75,001 - 90,000</td>
<td>220</td>
</tr>
<tr>
<td>90,001 - 120,000</td>
<td>330</td>
</tr>
<tr>
<td>120,001 - over</td>
<td>1,280</td>
</tr>
</tbody>
</table>

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the internal Revenue laws of the United States. Internal Revenue Code sections 3402(b)(1) and 6109 and their regulations require you to provide this information to your employer. For failure to provide a properly completed form will result in your being treated as a single person who claims no withholding allowances; providing False or Inaccurate information may subject you to penalties. Routinely uses of this information include giving it to the Department of Justice for civil and criminal litigation, to other countries under a tax treaty, to federal and state agencies to enforce federal non-tax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide this information directly or to sign the form that contains this information. If you believe that this information is not subject to the Paperwork Reduction Act, contact the Chairman of the Federal Register in writing. If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.
### Section 1. Employee Information and Verification

*To be completed and signed by employer at the time employment begins.*

<table>
<thead>
<tr>
<th>Name:</th>
<th>First</th>
<th>Middle Initial</th>
<th>Last</th>
<th>Maiden Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address (Street Name and Number)</td>
<td>Apt. #</td>
<td>Date of Birth (Month/Day/Year)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>State</td>
<td>Zip Code</td>
<td>Social Security #</td>
<td></td>
</tr>
</tbody>
</table>

**I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.**

<table>
<thead>
<tr>
<th>Employer's Signature</th>
<th>Date (Month/Day/Year)</th>
</tr>
</thead>
</table>

**Preparer and/or Translator Certification**

*To be completed and signed if Section 1 is prepared by a person other than the employer.*

<table>
<thead>
<tr>
<th>Preparer/Translator's Signature</th>
<th>Print Name</th>
<th>Address (Street Name and Number, City, State, Zip Code)</th>
<th>Date (Month/Day/Year)</th>
</tr>
</thead>
</table>

### Section 2. Employer Review and Verification

*To be completed and signed by employer. Examine one document from List A OR examine one document from List B and one from List C, as listed on the reverse of this form, and record the title, number, and expiration date, if any, of the document(s).*

<table>
<thead>
<tr>
<th>List A</th>
<th>OR</th>
<th>List B</th>
<th>AND</th>
<th>List C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Document title:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuing authority:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Document #:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expiration Date (if any):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Document #:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expiration Date (if any):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**CERTIFICATION:** I attest, under penalty of perjury, that I have examined the document(s) presented by the above-named employee, that the above-listed document(s) appear to be genuine and to relate to the employee named, that the employee began employment on (Month/Day/Year) and that to the best of my knowledge the employee is authorized to work in the United States. (State employment agencies may omit the date the employee began employment.)

<table>
<thead>
<tr>
<th>Signatory of Employer or Authorized Representative</th>
<th>Print Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business or Organization Name and Address (Street Name and Number, City, State, Zip Code)</td>
<td>Date (Month/Day/Year)</td>
<td></td>
</tr>
</tbody>
</table>

### Section 3. Updating and Reverification

*To be completed and signed by employer.*

A. New Name (if applicable)

B. Date of Rehire (Month/Day/Year) (if applicable)

C. If employee’s previous grant of work authorization has expired, provide the information below for the document that establishes current employment authorization.

<table>
<thead>
<tr>
<th>Document Title:</th>
<th>Document #:</th>
<th>Expiration Date (if any):</th>
</tr>
</thead>
</table>

I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.

<table>
<thead>
<tr>
<th>Signature of Employer or Authorized Representative</th>
<th>Date (Month/Day/Year)</th>
</tr>
</thead>
</table>

Form I-9 (Rev. 02/02/09) N Page 4
# Appendix B: Lists of Acceptable Documents

**LISTS OF ACCEPTABLE DOCUMENTS**

All documents must be unexpired

<table>
<thead>
<tr>
<th>LIST A</th>
<th>LIST B</th>
<th>LIST C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Documents that Establish Both Identity and Employment Authorization</strong></td>
<td><strong>Documents that Establish Identity</strong></td>
<td><strong>Documents that Establish Employment Authorization</strong></td>
</tr>
<tr>
<td>1. U.S. Passport or U.S. Passport Card</td>
<td>1. Driver’s license or ID card issued by a State or outlying possession of the United States provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address</td>
<td>1. Social Security Account Number card other than one that specifies on the face that the issuance of the card does not authorize employment in the United States</td>
</tr>
<tr>
<td>2. Permanent Resident Card or Alien Registration Receipt Card (Form I-551)</td>
<td>2. ID card issued by federal, state or local government agencies or entities, provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address</td>
<td>2. Certification of Birth Abroad issued by the Department of State (Form FS-545)</td>
</tr>
<tr>
<td>3. Foreign passport that contains a temporary I-551 stamp or temporary I-551 printed notation on a machine-readable immigrant visa</td>
<td>3. School ID card with a photograph</td>
<td>3. Certification of Report of Birth issued by the Department of State (Form DS-1350)</td>
</tr>
<tr>
<td>4. Employment Authorization Document that contains a photograph (Form I-766)</td>
<td>4. Voter’s registration card</td>
<td>4. Original or certified copy of birth certificate issued by a State, county, municipal authority, or territory of the United States bearing an official seal</td>
</tr>
<tr>
<td>5. In the case of a nonimmigrant alien authorized to work for a specific employer incident to status, a foreign passport with Form I-94 or Form I-94A bearing the same name as the passport and containing an endorsement of the alien’s nonimmigrant status, as long as the period of endorsement has not yet expired and the proposed employment is not in conflict with any restrictions or limitations identified on the form</td>
<td>5. U.S. Military card or draft record</td>
<td>5. Native American tribal document</td>
</tr>
<tr>
<td>6. Passport from the Federated States of Micronesia (FSM) or the Republic of the Marshall Islands (RMI) with Form I-94 or Form I-94A indicating nonimmigrant admission under the Compact of Free Association Between the United States and the FSM or RMI</td>
<td>6. Military dependent’s ID card</td>
<td>6. U.S. Citizen ID Card (Form I-197)</td>
</tr>
<tr>
<td></td>
<td>7. U.S. Coast Guard Merchant Mariner Card</td>
<td>7. Identification Card for Use of Resident Citizen in the United States (Form I-179)</td>
</tr>
<tr>
<td></td>
<td>9. Driver’s license issued by a Canadian government authority</td>
<td>9. For persons under age 18 who are unable to present a document listed above:</td>
</tr>
<tr>
<td></td>
<td>10. School record or report card</td>
<td>10. School record or report card</td>
</tr>
<tr>
<td></td>
<td>11. Clinic, doctor, or hospital record</td>
<td>11. Clinic, doctor, or hospital record</td>
</tr>
<tr>
<td></td>
<td>12. Day-care or nursery school record</td>
<td>12. Day-care or nursery school record</td>
</tr>
</tbody>
</table>

Illustrations of many of these documents appear in Part 8 of the Handbook for Employers (M-274)
FAIRBANKS NATIVE ASSOCIATION  
OVERTIME AUTHORIZATION FORM

Employee Name: ____________________________  Primary FNA job: ____________________________

Funding Code for overtime hours: ____________________________

Please use a separate form for EACH incident of overtime. This form must be completely filled out BY THE SUPERVISOR.

<table>
<thead>
<tr>
<th>Overtime Date</th>
<th>Time Start</th>
<th>Time End</th>
<th>O/T Hours Worked</th>
<th>Job being filled with this overtime authorization</th>
<th>Name of absent employee resulting in need for overtime hours</th>
<th>Attempts were made to contact a TOC employee</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>YES  NO</td>
</tr>
</tbody>
</table>

The overtime (reference Attachment B to 2 CFR Part 230, item 8.f) meets the following requirements (check one).

1. ______  Was with the prior approval of the awarding agency (A copy of the prior approval from the awarding agency must be attached.).

2. ______  Was necessary to cope with emergencies, such as those resulting from accidents, natural disasters, breakdowns of equipment, or occasional operational bottlenecks of a sporadic nature.

   Please specify the emergency and describe the functions performed ____________________________________________

3. ______  Was necessary to the continuous and uninterrupted operations of the company, such as administration, accounting, or maintenance.

   Please specify the functions performed ____________________________________________

4. ______  Resulted in overall lower cost to the federal government.

   Please explain how the overtime resulted in overall lower cost to the federal government. ____________________________________________

**All overtime requires prior approval from the employee's supervisor.**

This form must be faxed to HR @ 456-4148 by the next working day after the overtime is worked.

Employee Signature: ____________________________  Date __________

Supervisor Signature authorizing overtime: ____________________________  Date __________

If overtime worked at a BHS program, a copy must be sent to the Deputy Director, BHS

Revised March 30, 2006  Date Rec'd by IIR ______  IIR Staff Reviewed: _______