
Umatilla-Morrow Head Start, Inc.
Fiscal Policies and Procedures Manual

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FISCAL MANAGEMENT

UMCHS, Inc. is committed to sound programming, management and financial operations that support children and those who care for them for lifelong learning and success. Policies and procedures are supported by protocols and practices that underscore this commitment and are reviewed on an ongoing basis.

I. ACCOUNTING/FINANCIAL

All Accounting and Financial Duties are directed through the Fiscal Department under the direction and supervision of the Executive Director. Fiscal responsibility and liability ultimately rest with the Executive Director, Fiscal Director and Board of Directors.

The Fiscal Director is responsible for maintaining fiscal integrity through the implementation of internal controls. A financial system that ensures budget management, maintains control over current operations, and provides a complete and accurate record which includes the following:

- A. Financial Statements to identify each source and use of funds with actual and budgeted amounts. This department will generate monthly financial reports and distribute them to Policy Council Members, Board Members, and Management.
- B. Actual to budgeted amounts will be monitored on a monthly basis.
- C. Approval for any revisions and/or supplemental grant applications that require approval from the funding sources.
- D. Accounting records supported by source documentation as follows:
 - 1. Purchase Order Requests are required to purchase supplies and equipment.
 - 2. A complete record of disbursement will be maintained which includes, the invoice or check request, Purchase Order Request and check stub from the written check. These records will be kept for three years after the fiscal year ends or longer if there are unresolved audit issues.
- E. Expenses are dated as to when paid and then filed in a timely and organized manner.
- F. Payroll records are kept on each individual employee. These records will be kept for seven years. The file includes, but is not limited to the following:
 - 1. Payroll forms which state rate of pay, program employed by, and any other special employment conditions.
 - 2. Sick leave and annual leave records.
 - 3. Amount of pay and deductions are recorded each pay period.
 - 4. W-4 and I-9 forms.
 - 5. Payroll will change staff salaries only after receiving the appropriate paperwork from the Human Resources Department. Payroll will be monitored monthly to ensure allowability and correct allocation of staff salaries to the proper grants.

- G. Lease and Rental agreement of records are kept in the Administrative Office. Rental Payments are payable at the beginning of each month. When monthly lease and rental agreement payments are made, documentation is filed in the Fiscal Office. Leases will be kept on file for three years after the lease expires.
- H. Records are kept on all consultants that the agency utilizes.
- I. Records are kept on all written contracts/agreements for educational services, maintenance on equipment and interagency services.
- J. Bank Statements will be reconciled at the end of each month. All interest income and any bank charges will be posted to the general ledger on a monthly basis to ensure proper financial reporting and provide the board with accurate information. Fiscal Staff to review Bank Statement and Reconciliation monthly.
- K. Audit adjustments will be made no later than 3 months after receiving them and the general ledger will be reconciled to the audited financial statements.
- L. The general ledger, especially the balance sheet accounts, will be reconciled monthly and adjusted to correct any errors or mis-postings that have occurred. Payroll liabilities, accounts payable, and fund balance accounts will be reconciled monthly.
- M. Any checks outstanding for more than three months will be reviewed and followed up with the contractor **to reduce stale dated checks. Oregon's unclaimed property laws will be followed. At the end of every two year period, unclaimed checks will be researched and at the end of the third year the unclaimed property will be remitted to the state.**
- N. The agency will convert to the metric system when it is cost effective or specified in the contract.
- O. Internal Control Procedures
 - 1. Drawdown procedures: After payroll has been processed, which is the day before the payroll ACH file is sent and contractors are paid, the accounting system will be utilized to determine the amount of expenses in Head Start, Early Head Start and Early Head Start Child Care Partnership program accounts. Based on these expenses, money is drawn down from the Division of Payment Management to cover these expenses. Drawdowns typically occur twice per month, unless weekly accounts payable is unusually high.
 - 2. The receptionist will date-stamp checks received by mail and hand them to the Fiscal Department. These checks will be logged into the check log and stamped with our bank endorsement. All cash received will be collected by or turned into the Fiscal Department immediately or by the next working day, if after work hours. A receipt will be written for all cash transactions. Deposits will be done once, possibly twice a week, depending on the amount of funds available to deposit. Pending deposits will be locked up in the safe in the Payroll Manager's office.
 - 3. Cash and checks received at centers will be safeguarded until either a deposit is made or the cash and checks are brought to the Fiscal Department by a staff member. If the deposit is

made by a designated staff person, then they need to turn in a copy of the receipt and backup information by the next working day.

4. Electronic funds that are deposited directly to the bank account will be recorded in the check log and entered into Financial Edge within seven (7) days after receiving documentation. All backup pertaining to the electronic deposit will be sent to the Fiscal Department and given to the appropriate director for coding.
- P. To the greatest extent possible, the agency will maintain separation of duties. No employee may control all aspects of a financial transaction.
- Q. The accounting system is web-based with strictly-controlled access through assigned log-in and password security. Fiscal and Human Resource staff and the Deputy Director have access to this web-based financial program.

II. CONFIDENTIALITY

Those with Fiscal and Human Resource responsibilities have access to confidential Protected Personally Identifiable Information including: bid proposals, individual salary information, wage garnishments, social security numbers and bank account information. This information must be kept private, to be shared only with appropriate individuals. Violation of this policy will result in a formal reprimand and/or other forms of disciplinary action up to and including termination.

III. GRANT MANAGEMENT

- A. The agency supervises a variety of state and **federally funded grant awards**. The agency's fiscal year begins June 1st; however, individual grants may have a different financial reporting year.

A list of required annual and quarterly reports (along with their due dates) is to be kept in the Fiscal Department, as well as on financial reports and on the Contract Routing Form. An annual financial audit shall be conducted by a Certified Public Accountant or a Licensed Public Accountant. Formal bids for this service will be accepted on a regular basis.

- B. Current Training on Grants
 1. The Executive Director, Fiscal Director, Deputy Director, and Fiscal Staff will stay current with all applicable grant policies by attending trainings when offered and reviewing grant administration manuals as updates occur.

IV. COMPENSATION

- A. All Fiscal & Human Resources policies regarding the personnel compensation will adhere to Head Start/Early Head Start guidelines. The salary schedule shall be reviewed during the grant application process each year. Any changes to the salary schedule shall be approved by the Board of Directors.
- B. The compensation of the Executive Director shall be determined by the Board of Directors.
- C. Payroll is a vital function to the agency and qualified professionally trained staff will be tasked with ensuring payroll is processed with accuracy and in a timely manner.

V. COST ALLOCATION

A. HEAD START AND OREGON PREKINDERGARTEN

OPK and State EHS are considered matching funds for Head Start/Early Head Start, due to this, the agency considers these grants as one program. Funds will be expended from both grants that meet all funding requirements. At times, funds may be allocated based on number of children served in each program.

B. SALARY ALLOCATIONS:

Allocations are based on the number of hours worked in a specific program each pay period **multiplied by the employee's hourly wage (wage includes the cost of fringe benefits provided by UMCHS, Inc.)**. Positions are initially classified as Administration Costs, Program Costs, or Dual Benefit Costs. Positions will be evaluated and classified and appropriate allocation will be assigned in the budget forecast. Actual salary allocations are based on the cost allocation reports filled out each pay period by employees and approved and authenticated by Supervisors.

Parameters include:

- Educational Staff (including Teachers, TAs, CFA's, etc.), Family Advocates, Health, Nutrition Staff/Cooks, Mental Health, Parent Ed, Transportation, Operations Staff allocations based on the number of children or families served by program or time spent in the program.
- Agency-wide Management positions that include Executive Director, Fiscal Department Positions, Human Resources, Executive Assistant, and Main Reception costs are allocated based on the agency FTE.
- Salaries/Positions related to Program Operations including Deputy Director, HS/EHS Directors, Associate Director, Operations and assigned Program Directors that relate to both Administration and Program Costs will be allocated on a rational basis based on type of task and functional activity and will be evidenced by the cost allocation reports filled out each pay period by employees.

C. SPACE, FACILITY MAINTENANCE & UTILITIES ALLOCATIONS

The space, maintenance of facilities and utilities allocations for UMCHS, Inc. offices and centers are based on actual square footage each program uses or if applicable, the appropriate Administration cost center. Shared space is based on the employees FTE's multiplied by the cost per square foot.

D. SUPPLIES & COPIES:

Request for non-general supplies are approved and coded at the relevant director level, unless assigned to a manager, operating within the allowable fiscal thresholds. Requests for general supplies are submitted to the Operations Director. A Purchase Order Request or supply log is filled out by the staff member with the item and amount needed, signed, dated and coded to funding source. Cost sheets are maintained by the Fiscal Staff. Each month, the Operations Director insures that the cost report is accurate in collaboration with the Fiscal Director. All programs are charged for the items requisitioned on that programs behalf and are charged as items purchased based on usage. All postage is maintained by the Receptionist. Laminating, chart printing and binding usage are also kept on each program and charged accordingly.

Monthly cost reports are turned into the Fiscal Director monthly and the information is charged to the various programs directly or by doing a general journal entry.

E. TELEPHONE ALLOCATIONS:

The telephone allocations are based on **employees' FTE. The FTE's for the sites are added** together and a percentage is figured. Monthly charges are multiplied by the percentage figured. This allocation is done when the bills are paid.

F. TRANSPORTATION ALLOCATIONS:

All fuel, maintenance, and insurance costs are paid by Head Start and then charged to other programs in the agency on a cost per mile basis. In June, a cost per mile is calculated by using the annual fuel, maintenance, and insurance costs divided by the total miles traveled during the previous year.

Mileage sheets are kept on all the vehicles and turned in at the end of each month. Each sheet has the name of the program using the vehicle, date, beginning and ending mileage. The Operations Director ensures that mileage traveled for each program is reported to the Fiscal Director. The cost per mile is multiplied by the number of miles each program used. A general journal entry is made to charge individual programs for use of vehicles during the month and the transportation line item for Head Start is credited.

G. AUDIT:

The audit costs are allocated by the FTE of the agency. This allocation is done when the bill is paid.

H. INSURANCE:

The student accident insurance is allocated by the ratio of children of each program. The automobile insurance is charged to Head Start and then is charged out as part of the cost per mile when another program uses the vehicles. General liability insurance is based on the facility used by each program. The Director and Board insurance is based on FTE percentage allocation.

VI. PAYROLL AND TAXES

The Fiscal Office has custody of all payroll and payroll tax information. Payroll dates will be recommended by management. Payroll will be issued bimonthly, on or before, the 5th day of the month and the 20th day of the month. Taxes (FICA, federal and state) are to be paid with each payroll and are due within 72 hours of payroll disbursement.

VII. PROCUREMENT POLICY

In compliance with the requirements of Federal Regulations governing the Administration of Grants under the Department of Health and Human Services, it is the official policy of this agency that:

All solicitations for goods and services will provide:

- A clear and accurate description.
- A description (if practical) of technical requirements which will not be unduly restrictive.
- The specific features of **"Brand Name or Equal"** descriptions that bidders are required to meet.

- A. For all procurement actions under \$3,500 are considered micro-purchases where cost comparison is not required. To the extent practicable, the agency will distribute micro-purchases equitably among qualified suppliers with reasonable pricing.

For all procurement actions over \$3,500, cost comparison may be conducted through estimates obtained by telephone, written requests, or through comparison of catalog costs. Staff will compile a cost comparison list of basic supplies the agency uses on a regular basis. This list will be updated each year. Price, shipping costs, availability, and quality will be taken into consideration when supplies are purchased.

- B. Equipment is defined as an article of non-expendable, tangible personal property having a useful life of more than a year and a per-unit acquisition cost which equals or exceeds \$5,000. Acquisition cost of equipment means the net invoice price of equipment, including modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment usable for the purpose for which it was acquired. Other charges, such as cost of installation, freight, duty or protective in-transit insurance shall be excluded from the unit acquisition cost. Prior to purchase the program administrator is required to request written approval for equipment purchases as specified in contracts and/or grants.
- C. The agency follows the *Davis Bacon Act* that requires all contractors and subcontractors performing work on federal construction contracts or federally-assisted contracts, in excess of \$2,000, to pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits for corresponding classes of laborers and mechanics employed on similar projects in the area. Fiscal staff ensures all documents are accurate and complete and store each project file in the Fiscal Department.
- D. Contractors and Consultants will be vetted through a Contract Approval Process and bids will be kept in the contract files.

The attached Procurement Chart is provided as a quick references to ensure we are meeting procurement standards.

Amount of Purchase	Required Approvals	Required Solicitation	Required Documentation
Up to \$1,500	<ul style="list-style-type: none"> • Director 	Evidence of solicitation not required but annual purchases must be distributed among qualified vendors to provide for free and open competition	<ul style="list-style-type: none"> • Follow Purchase Order Request Process. For documentation purposes, follow required protocols and walkthrough (Standard Operating Protocols)
\$1,501 - \$3,500	<ul style="list-style-type: none"> • Director • Executive Director or Deputy Director • Fiscal Director 	Evidence of solicitation not required but annual purchases must be distributed among qualified vendors to provide for free and open competition	<ul style="list-style-type: none"> • Follow Purchase Order Request Process. For documentation purposes follow required protocols and walkthrough (Standard Operating Protocols)
\$3,501 - \$19,999	<ul style="list-style-type: none"> • Director • Fiscal Director • Executive Director or Deputy Director • Board of Directors • If a fixed asset purchased with federal funds (>\$4,999), prior written approval from Funder may be required. 	<ul style="list-style-type: none"> • Attempt three (3) written bids (catalogue, Internet, written) • Utilize the appropriate procurement protocols • Exemptions: Funder directed source selection as documented. 	<ul style="list-style-type: none"> • All of the above, and • Documentation of bids received • Contract Routing Protocol. • Written approval of funding source, if required.
\$20,000 - \$149,999	<ul style="list-style-type: none"> • Director • Fiscal Director • Executive Director or Deputy Director • Board of Directors • If a fixed asset purchased with federal funds (>\$4,999), prior written approval Funder may be required. 	<ul style="list-style-type: none"> • Attempt three (3) written bids (Request for Bids or Request for Proposals) • Evaluation factors must be approved by the Fiscal Director and Executive Director or Deputy Director and documented. 	<ul style="list-style-type: none"> • Copy of RFB or RFP • Proposal scoring grids including who participated in the scoring • Proposal and contract of winning bid • Written approval of funding source if required. • Board minutes documenting approval, if required.

Amount of Purchase	Required Approvals	Required Solicitation	Required Documentation
\$150,000 or greater	<ul style="list-style-type: none"> • Director • Fiscal Director • Executive Director or Deputy Director • Board of Directors • If a fixed asset purchased with federal funds (>\$4,999), prior written approval from Funder may be required. 	<ul style="list-style-type: none"> • Document facility search process including Market Valuation • Ensure compliance with Uniform Guidance Requirements • Evaluation factors must be approved by the Fiscal Director and Executive Director or Deputy Director and documented. 	<ul style="list-style-type: none"> • Copy of RFB or RFP • Proposal scoring grids including who participated in the scoring • Proposal and contract of winning bid • Written approval of funding source if required. • Board minutes documenting approval, if required.

To be reviewed annually and as modified federally in Uniform Guidance Requirements

A. CONFLICT OF INTEREST

Purpose

This Conflict of Interest policy is designed to help directors, officers, and employees of the UMCHS, Inc. identify situations that present potential conflicts of interest and to provide UMCHS, Inc. with a procedure that, if observed, will allow a transaction to be treated as valid and binding even though a director, officer, or employee has or may have a conflict of interest with respect to the transaction. In the event there is an inconsistency between the requirements and procedures prescribed herein and those in federal or state law, the law shall control.

What is a Conflict of Interest?

For purposes of this policy, the following circumstances shall be deemed to create Conflicts of Interest:

Situations in which a Board member, Director, or employee:

1. Negotiates or approves a contract, purchase, sale, or lease on behalf of UMCHS, Inc. and has direct or indirect interest in, or receives personal benefit from, the entity or individual providing and/or receiving the goods or services.
2. Approves the employment of, or directly supervises a person who is an immediate family member of the director or employee.
3. Provides goods or services in competition with UMCHS, Inc.
4. Uses UMCHS, Inc.'s facilities, other assets, employees, or other resources for personal gain.
5. Receives a substantial personal gift from a vendor, if the director or employee is responsible for initiating or approving purchases from that vendor.

Who is affected by this Policy?

The persons covered under this policy shall hereinafter be referred to as “**interested party.**” Interested party include all members of the Board of Directors and all employees, as well as persons with the following relationships to directors or employees:

1. Spouses or domestic partners
2. Brothers and sisters
3. Parents, children, grandchildren, and great-grandchildren
4. Spouses of individuals listed in 2 and 3

All directors and employees have an obligation to:

1. Avoid conflicts of interest, or the appearance of conflicts, between their personal interests and those of UMCHS, Inc. in dealing with outside entities or individuals
2. Disclose real and apparent conflicts of interest to the Board of Directors, and
3. Refrain from participation in any decisions on matters that involve a real conflict of interest or the appearance of a conflict.

Procedures

Duty to Disclose:

- Upon being hired, each staff member shall complete and sign a Conflict of Interest disclosure statement, fully and completely disclosing the material facts about any actual or potential conflicts of interest, of which he or she is aware. The disclosure will be kept **in the employee’s personnel file.**
- Thereafter, the process to ensure no real or perceived conflict of interest exists in decision making will be ensured by leveraging our Contract Approval Process that indicates if any of the initiators or reviewers know, or have worked with consistently, a person or business providing a bid, describing the nature of the relationship and context of the association. Rather than determine if there is, or there is not, a conflict in the case where knowledge of parties exists by a director, initiator, administrator, or decision maker, the next Senior Director who has no association will initiate any approval process. Documentation will be kept using the Contract Approval Process and Board Minutes.
- If required by Federal awarding agencies, UMCHS, Inc. will notify those agencies in writing of any potential conflict of interest. (2 CFR Part 200.112, Conflict of interest, 200.113 Mandatory Disclosures).

Procedures to manage Conflicts of Interest

The Board Finance Sub-Committee will review all procurement of goods and services where a personal association has been identified, and request Board approval for those they recommend.

- The person with the conflict (“interested party”) may not be involved in the decision of what action to take (e.g., may not participate in a vote) but may serve as a resource to provide other decision-makers with needed information.
- In some cases the person with the conflict may be asked to recuse him/herself from sensitive discussions so as not to unduly influence the discussion of the conflict.
- In all cases, decisions involving a conflict will be made only by disinterested persons.
- Board members who work for an agency, who has a contract with UMCHS, Inc. the association will be disclosed and the rest of voting members will make a determination by majority vote.
- All disclosures and decisions shall be reflected in the Board meeting minutes.

Appealing a Decision

An employee or director may appeal the decision that a conflict (or appearance of conflict) exists as follows:

- An appeal must be directed to the chair of the Board.
- Appeals must be made within 30 days of the initial determination.
- Resolution of the appeal shall be made by vote of the full Board of Directors.
- Board members who are the subject of the appeal, or who have a conflict of interest with respect to the subject of the appeal, shall abstain from participating in, discussing, or voting on the resolution, unless their discussion is requested by the remaining members of the Board.

Disciplinary Action for Violations of This Policy

Failure to comply with the standards contained in this policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to UMCHS, Inc. or to the government, for any loss or damage resulting from the violation. Disciplinary action will be determined by the Board. As with all matters involving disciplinary action, principles of fairness will apply. Any employee charged with a violation of this policy will be afforded an opportunity to explain his or her actions before disciplinary action is taken. A Board member who violates this policy will be removed from the Board.

B. FREE COMPETITION

All procurement actions undertaken on behalf of the agency by its officers, employees or agents, whether negotiated or advertised and regardless of dollar value, must be conducted in a manner providing maximum open free competition. The agency will **not use a “cost plus a percentage of cost” method**. Only responsible contractors who possess the ability to complete the contracts will be used and the agency will not use debarred or suspended contractors. Contractors will be verified through the System of Awards Management System.

C. DETERMINATION OF NEED

1. The Executive Director, Director/Manager, Team Leader, and/or Operations Director shall review each proposed purchase to determine: 1) whether the item is actually needed, and if

needed, whether there are alternatives preferable to purchasing (i.e. lease vs. buy decisions).

2. All incidental supplies will be purchased with Petty Cash.
3. Equipment and supplies are available in the Administrative Offices located in Hermiston. It **is each individual's responsibility** to be familiar with supplies on hand. Requests for supplies and equipment will be completed on a Purchase Order Request outlining items, amounts, and amount received. The Purchase Order Requests will then be signed by the person receiving supplies and the administrator who dispenses supplies. An updated supply list will be maintained by the Operations Directors and will be distributed to all staff on a regular basis.

D. SOLICITATIONS FOR GOODS AND SERVICES

Procurement actions where costs are expected to exceed \$150,000 shall be conducted through a negotiated procurement or sealed bid. Requests for bids shall contain clear specifications and shall not contain features which unduly restrict competition. Sole source for procurement over \$150,000 must be approved by the Regional office.

E. RECYCLING OF MATERIAL

The agency will, whenever feasible and practical, recycle all paper products and other materials. When possible and cost effective, the agency purchases recycled paper products and other materials. The agency will, whenever feasible and practical, purchase products and services that conserve natural resources, protect the environment, and are energy efficient.

F. SMALL, MINORITY-OWNED, AND WOMEN'S BUSINESSES

Keeping in mind the need to conduct grant business prudently and at reasonable cost, positive efforts will be made to use small, women-owned and minority-owned business enterprises, labor surplus area firms and encourage consortiums of such businesses. UMCHS will use the services and assistance of organizations that assist in the solicitation and utilization of small, minority-owned, and women-owned businesses.

G. PURCHASE ORDER REQUEST

1. All requests for supplies and equipment will be recorded on a Purchase Order Request and submitted to an appropriate Team Leader or Supervisor for final approval.
2. The Team Leader or Supervisor needs to initial the supply requisition and place the appropriate account code.
3. Upon approval, the request form will go to the Fiscal Department for a purchase order and then to the Fiscal Clerk to make the purchase.
4. Prior to purchase, Purchase Order Requests totaling over \$5,000 are to be reviewed by the Fiscal Director and the Executive Director or Deputy Director.
5. Procurement thresholds for grants must be strictly adhered to.
6. Any purchases coded to the Corporate Account need approval from either the Executive Director or Fiscal Director. Any purchases over \$10,000 from the Corporate Account require Board approval.

H. PURCHASE ORDERS

1. All purchase orders will be generated by the Fiscal Department.
2. The original white copy will be sent to the contractor or buyer, the pink copy will be retained by the Fiscal Department, and the yellow copy will be given to the purchasing agent until goods are received.
3. **Upon receipt of merchandise, the yellow copy will be marked “received” and dated.**
4. The yellow copy will then be sent to Accounts Payable.
5. A completed check request will be attached to any Purchase Orders that have been partially paid. Also, the purchase order will state if the supplies were purchased with an agency credit card.
6. The Fiscal Department will make payment only after the pink P.O. copy; the yellow P.O. copy and the invoice have been correctly matched. Correctly matched invoices will be paid on a weekly basis.
7. Two signatures are required on all checks.

VIII. USE OF CREDIT CARDS

A. Policy

1. Credit cards are a method of purchase and payment for authorized purchases that further the business of UMCHS, Inc. The Fiscal Director will maintain a master list of approved cardholder with limits, and reconciling per procedure with the Oversight Director reviewing quarterly.
2. Credit cards do not authorize a particular purchase. Anyone making a purchase with a credit card must follow all applicable purchasing policies and procedures. All credit cards issued will be signed for by the staff person holding the card.
3. Bank credit cards will be issued to the Executive Director, subsequent Directors and the fiscal purchasing agent on an as needed basis with approval from the Executive Director. Credit card holders will have outlined expectations regarding purchases approved for their related job duties.
4. Vendor credit cards and gas cards will be assigned utilizing a checkout process and reconciled monthly.
5. Credit cards may not be used for Cash Advances or Personal Use.
6. Credit card users will understand and follow all purchasing policies and procedures. Credit card users will turn in receipts for all purchases in a timely manner to the Fiscal Department. Purchases below \$750 can be processed before a Purchase Order is created by the Fiscal Department, receipts will still be required to be submitted in a timely manner. Credit card users will report all unusual and inappropriate Credit card use to their supervisor and the Fiscal Director. The Credit card user will immediately report all missing Credit cards to their supervisor and the Fiscal Director.
7. The Fiscal Director will oversee the credit cards. The Fiscal Director will periodically review credit card purchases for compliance with purchasing requirements. The Fiscal Director will provide training on credit card use. The Fiscal Director will coordinate with the Executive Director and supervisors on any credit card misuse.
8. The Fiscal Department will process payments to credit cards either once the statement is received or (if there is high usage of credit during the period) with multiple payments during the period in order to alleviate restrictions with credit card usage. The Fiscal Department

will monitor credit available on the credit cards periodically and communicate with the associated credit card holder on available credit balances. Credit cards will not be paid until all back up documents and receipts are submitted.

9. Gas credit cards will be used for agency vehicles only to purchase fuel for the agency vehicle. Employees must check out gas cards located in the Fiscal Department and locked in safe. All fuel purchases will be tracked **on to the vehicles' monthly mileage** tool.
10. Employees will be required to reimburse UMCHS, Inc. for all inappropriate purchases. Employees who misuse the credit card may be subject to discipline up to and including dismissal. Applicable criminal charges may be pursued.

B. Card User Policy

Issuance of Corporate Credit Cards or Purchasing Cards

Card users will be required to sign a statement acknowledging the following:

- The card shall be used exclusively for legitimate organization-related business purposes.
- The cardholder agrees to take reasonable precautions to protect the card from loss or theft by storing it in a secure location, and understands the actions to take in case of theft or loss.
- The cardholder will follow all required procurement policies and procedures.
- The cardholder understands and agrees to disciplinary procedures for misuse of the card.
- Any purchases over \$750.00 must have a prior approval by the Executive and or Deputy Director and purchase order created by fiscal before making the purchase. Directors with approved credit cards will have a spending authority up to \$1,500.

Card User Responsibilities

Card users will turn in receipts with appropriate account coding to Fiscal by month end. If the Fiscal Department is missing a receipt when the monthly statement is reconciled, fiscal will follow up with that employee to get the receipt. If no receipt is available then a lost receipt must be completed for approval. If the Executive Director finds that purchase is not valid, it may be deemed as unallowable and may need to be paid by the employee that made the purchase.

Any fraudulent or other unauthorized charges shall be immediately pointed out to the Executive Director for further investigation with the card provider.

Personal use of corporate credit cards is strictly prohibited. Any personal use will subject the employee to **the Organization's disciplinary actions discussed earlier in this manual and in the Personnel Manual.**

Cardholders shall report the loss or theft of a corporate credit card immediately by notifying the credit card company and the Fiscal Director.

Revocation of Corporate Credit Cards or Purchasing Cards

Failure to comply with any of these policies associated with the use of UMCHS, Inc. credit cards or purchasing cards shall be subject to possible revocation of card privileges. The Executive Director shall determine whether credit cards or purchasing cards are to be revoked.

Termination of Employment

When an employee is terminated the employee must return the credit card to the Fiscal Director before receiving their final check. The Fiscal Director will suspend the **employee's** credit card **immediately and the bank will be notified of this employee's termination to make sure all access is denied.**

IX. PROPERTY MANAGEMENT

A. FILES

Files will be maintained for all single purchase items where the cost exceeds \$5,000. These files shall be kept for three years after final disposition. These files shall include the following minimum documentation:

1. Request for Bid (if applicable).
2. Responses to Bid Request (if applicable).
3. Documentation of Telephone, Written Requests for Bids, or Catalog Estimates.
4. Basis for Selection of Supplier if lower bid not chosen
5. Copy of approved Purchase Order.
6. Copy of paid Invoice.
7. Copy of Check Stub.

B. NONEXPENDABLE PERSONAL PROPERTY

A property log and records shall be maintained for all equipment with a useful life of more than one year and a value of \$5,000 or more. The agency reserves the right to include other supplies in this record. Any transfer or disposition of supplies or equipment that are included in this record need to have an Inventory Transfer Form filled out and submitted to the Fiscal Department.

Records to include:

1. Description of property
2. Serial # or I.D. #
3. Title vests recipient/federal
4. Acquisition date
5. Where purchased
6. Source of funds/grant number
7. Location and condition of property
8. Unit Acquisition Cost
9. Disposition of property: Sale price and method of determining market value (depreciation schedule)

Any equipment purchased that has no useful life and a fair market value of \$5,000 or less will be disposed of without the awarding agencies permission. If the fair market value is greater than \$5,000, disposition instructions from the awarding agency will be requested. If there is no response in 120 days, the agency may dispose of the equipment but must pay the awarding agency its share of the proceeds of fair market value. Disposition will provide for one of the following alternatives.

1. Retention of title. Retain title after compensating the awarding agency.
2. Sale of property. Sell the property and compensate the awarding agency.
3. Transfer of title. Transfer title to the awarding agency or to a third-party designated/approved by the awarding agency.

Each piece of equipment so listed will be marked with an inventory control number. This property log shall be verified at least every two years through a physical inventory taken by the Operations Director.

C. COMPLIANCE BY CONTRACTORS AND SUPPLIERS

The Agency's Fiscal Director is responsible for assuring that contractors and suppliers comply with the terms, conditions, and specifications of the contract or order.

D. SAFEGUARDING OF PROPERTY

The receptionist or staff person leaving the Centers and/or Office last each day will be responsible for assuring that all supplies and equipment are stored inside a locked building or area and that Center/Office windows and doors are properly secured. Any fire hazards or insecure doors, locks, or windows shall be reported immediately to the Operations Director. Computer and electronic devices will also be secured with username and password requirements. Access to digital files will be restricted to users that require the information to complete job related tasks, and passwords will be used for additional security on identified files.

E. INSURANCE

During each September, the Fiscal Director, Deputy Director, and the Executive Director shall review the insurance coverage on buildings, centers, equipment, and vehicles to determine if existing coverage is adequate and shall adjust insurance coverage as deemed necessary.

F. EMERGENCY NOTIFICATION

The Operations Directors shall provide to local police and sheriff annually at least one staff name and telephone number to contact in case of an after-hours emergency.

X. IN-KIND AND NON-FEDERAL SHARE

A. DEFINITIONS

In-kind is divided into seven areas and the fair market value for goods and services must be documented:

1. Personnel/Fringe: All in-kind dollars for volunteer services.
2. Travel: Mileage for transporting children, parents, etc.
3. Equipment: Any item donated which requires an inventory number (value of \$5,000 or more).
4. Supplies: Donated items not requiring an inventory number (including all cash gifts once spent).
5. Food: Value of edible items.
6. Occupancy: Donated space as well as space used for home visits for center and home-based programs. Space donated to the agency is recorded at fair market value to be determined by a certified appraiser. This should be updated every two years.
7. **Childcare: Providing childcare for volunteer's siblings.**

B. Refer to UMCHS Match and In-Kind Policies & Procedures that identify tracking and coordinating process for cash and gifted goods, volunteer services, and space donations.

C. In-kind resources once claimed will be expended in the grant year if used as relevant match and can only be used once. Federal grants cannot be used as match for other federal match.

XI. INSURANCE

The Deputy Director is responsible for maintaining complete and accurate information concerning all agency insurance policies. All required reporting for the items below will be completed accurately and timely. The following types of insurance coverage shall be secured:

1. Against Losses: Theft and Vandalism
2. Student Accident
3. General Liability
4. Automobile: Collision and Liability
5. Fidelity Bonding
6. Directors and Officers Liability
7. Health Insurance

XII. PETTY CASH AND COOK MEAL REIMBURSEMENT

A. PETTY CASH

1. Each Center, WIC Office and Administrative Offices is allocated \$100 per month for petty cash. This will be issued in one check to the person designated as team leader in each center.
2. Employees will submit the Petty Cash Reimbursement Report with receipts attached as needed.
3. When purchasing, always obtain receipts. Purchase agency items separate from personal purchases. Receipts with personal items included will not be honored.
4. All unused money will be applied to the next Petty Cash check.
5. Attach all receipts to the Petty Cash Reimbursement form.

B. COOK MEAL REIMBURSEMENT

1. Cooks will receive an amount each month which will be calculated as follows with a copy of this form sent to the cook monthly:
FORMULA: Number of children x number of days the school will be operating during the month x meal rates minus previous months ending cash on hand.
2. Money will be available to a Center Account and the Team Leader and Cook will be issued debit cards in order to utilize the funds. An advance will be issued before the month begins. Money will not be deposited if the balance of the account exceeds the pre-determined weekly/monthly limit. An approved check request will be processed prior to the fund transfer being performed.
3. A shopping list must be completed. Complete the shopping list form prior to shopping. Fill out each column for each item purchased.
4. Receipts for snack/breakfast/lunches can consist only of food items for the agency, not personal items. The only exception for purchase of non-food items is for purchase of related food service items such as napkins, foil, etc.
5. Receipts of all purchases must be kept.
6. Attach receipts to the appropriate shopping list. Then attach receipts and shopping lists to the Meal Reimbursement Report (copy attached) and submitted monthly to the Fiscal Department. You will retain any unused money in the account, which will **be applied to next month's meal monies.**
7. Purchases must be described and itemized individually on the shopping list. No shopping lists will be honored without a receipt and no receipts will be honored that include personal items.
8. **An audit of all cook's paperwork and money in the** account will be conducted bi-monthly by the USDA Manager and by fiscal/oversight personnel or Health & Nutrition Director at any point during the year. The cook will be asked to present for inspection; a menu, menu planning sheets, shopping list and receipts. An audit report will be signed by the cook and the Health & Nutrition Director. A copy of the report will be kept in individual meal check request files in the Fiscal Department. Discrepancies will be referred to the Executive Director for appropriate action.
9. Meal Reimbursement reports are due in the Fiscal Office before the first week deposits is made.

Bulk purchasing may be offered for cooks to draw supplies from, average cost allocation would be used and charged against cook fund for items utilized. An authorization form will be signed by each petty cash and meal reimbursement agent at the beginning of each school year. This form gives the Fiscal Director permission to withhold from the **employee's payroll check any undocumented or unused portion** of monies not reimbursed to the agency.

XIII. UNALLOWABLE COSTS AND GUIDANCE FOR EXCEPTIONS

Provided below are examples of unallowable costs which might be incurred in connection with grant or sub grant supported activities. Federal funds generally may not be used for these purposes, nor may such costs be used to meet cost sharing or matching requirements.

A. ADVERTISING

Costs of direct mail, exhibits, newspaper, magazine and radio or television advertisements.

Exceptions: (1) Recruitment of staff, trainees under training programs, human subjects for research grants; (2) disposal of surplus materials, (3) procurement of goods or services; and (4) other purposes specifically permitted by the terms of the grant.

B. BAD DEBTS

Losses arising from uncollectible customers' accounts and other claims, legal costs, and other related costs.

C. CONTINGENCY FUND RESERVES

Funds for the possible future events or conditions arising from presently known or unknown causes, the outcome of which is indeterminable.

D. FUNDRAISING, CONTRIBUTIONS, AND DONATIONS

Unless prior permission is received, costs of organized fundraising including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions. Grantors and Funders that allow fundraising will be identified prior to activities occurring and contributions resulting from fundraising activities will be utilized according to contract stipulations.

Charitable contributions and donations are unallowable.

- (a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable.
- (b) The value of services and property donated to the non-Federal entity may not be charged to the Federal award either as a direct or indirect (F&A) cost. The value of donated services and property may be used to meet cost sharing or matching requirements (see § 200.306 Cost Sharing or Matching). Depreciation on donated assets is permitted in accordance with § 200.436 Depreciation, as long as the donated property is not counted towards cost sharing or matching requirements.
- (c) Services donated or volunteered to the non-Federal entity may be furnished to a non-Federal entity by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services is not allowable either as a direct or indirect cost. However, the value of donated services may be used to meet cost sharing

or matching requirements in accordance with the provisions of § 200.306 Cost Sharing or Matching.

- (d) To the extent feasible, services donated to the non-Federal entity will be supported by the same methods used to support the allowability of regular personnel services.
- (e) The following provisions apply to nonprofit organizations. The value of services donated to the nonprofit organization utilized in the performance of a direct cost activity must be considered in the determination of the non-Federal entity's indirect cost rate(s) and, accordingly, must be allocated a proportionate share of applicable indirect costs when the following circumstances exist:
 - (1) The aggregate value of the services is material;
 - (2) The services are supported by a significant amount of the indirect costs incurred by the non-Federal entity;
 - (i) In those instances where there is no basis for determining the fair market value of the services rendered, the non-Federal entity and the cognizant agency for indirect costs must negotiate an appropriate allocation of indirect cost to the services.
 - (ii) Where donated services directly benefit a project supported by the Federal award, the indirect costs allocated to the services will be considered as a part of the total costs of the project. Such indirect costs may be reimbursed under the Federal award or used to meet cost sharing or matching requirements.
- (f) Fair market value of donated services must be computed as described in § 200.306 Cost Sharing or Matching.
- (g) Personal Property and Use of Space.
 - (1) Donated personal property and use of space may be furnished to a non-Federal entity. The value of the personal property and space is not reimbursable either as a direct or indirect cost.
 - (2) The value of the donations may be used to meet cost sharing or matching share requirements under the conditions described in § 200.300 Statutory and National Policy Requirements through § 200.309 Period of Performance of subpart D of this part. The value of the donations must be determined in accordance with § 200.300 Statutory and National Policy Requirements through § 200.309 Period of Performance. Where donations are treated as indirect costs, indirect cost rates will separate the value of the donations so that reimbursement will not be made.

E. ENTERTAINMENT

Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency.

F. FINES AND PENALTIES

Fines and penalties resulting from violation or failure of the organization to comply with Federal, State, and Local laws and regulations. If fines are incurred, the Fiscal Director will notify the

Executive and Deputy Director of these fees. Once reviewed, the cost center will be determined for proper account coding.

G. HONORARIA

An honorarium is considered payment or reward where the primary intent is to confer distinction on, or to symbolize respect, esteem, or admiration for the recipient.

H. IDLE FACILITIES

The costs of idle facilities are unallowable: maintenance, repairs, housing, rent, insurance, property taxes, interest expense, and depreciation or use allowances.

I. INTEREST EXPENSE

Interest expense is never allowable when it relates to fully depreciated assets.

J. MEETINGS AND CONFERENCE

Meetings and conferences expenses are only allowable if the primary purpose of which the dissemination of technical information is.

K. INTER-FUND BORROWING

The use of Head Start funds to cover costs incurred by other contracts or grants is unallowable.

XIV. USE OF CONSULTANTS

Consultants may be used to assist in self-assessment process, provide training to staff, child care providers, partners and parents, provide mental health, nutrition, health, or social services expertise, or provide technical assistance in the area of management and organizational design. Consideration will be given to the expertise of current employees prior to the hiring of outside consultants.

Several sources will be considered prior to the hiring of consultants i.e. T/TA provider, Regional Office recommendations, and/or recommendations from other Head Start programs or local businesses. Consultants will be contacted prior to hiring, interviewed, and rates reviewed for reasonableness and quality of services to be provided.

The Contract Routing Form process will be used to ensure all paperwork is completed for both parties. Consulting rates will be negotiated and outlined in signed consulting agreements. The agreements will outline services to be rendered, duration of services, reporting requirements, pay rates, per diem based on federal travel regulations, travel reimbursement, if any, based on agency travel rates, and negotiated costs such as supplies and resources.

XV. RECORDS RETENTION

UMCHS, Inc. sets forth requirements for financial record retention in compliance with 45 CFR Sec. 75.361. All financial records, supporting documents, statistical records, and all other records pertinent to an award, except payroll related, shall be retained for a period of three years from the submission date of the final expenditure report or as required by the grantor/contract.

If there is any litigation, claim, financial management review, or audit is started before the expiration of the 3 year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.

Auditor's reports, financial reports, tax returns, pension records, the corporation articles of incorporation, bylaws, and the board minutes shall be retained permanently.

Copies of original records may be substituted for the original records if authorized by the HHS awarding agency.

Note the following chart for quick reference of the formal records retention policy of UMCHS, Inc.

Record	Retention
Fixed Assets/Property Records Maintain for 3 years after final grant year block or after the sale or disposal of an item	
Audit reports	Permanent
Correspondence – legal and important matters	Permanent
Deeds, mortgages, and bills of sales	Permanent
Financial statements – year-end	Permanent
General ledgers/year-end trial balance	Permanent
Minute books of directors, bylaws, and charters	Permanent
Retirement and pension records	Permanent
Tax returns and worksheets and other documents relating to tax filings	Permanent
Trademark registrations and copyrights	Permanent
Accident reports/claims (settled cases)	7 Years
Accounts payable ledgers and schedules	7 Years
Accounts receivable ledgers and schedules	7 Years
Contracts, mortgages, notes, and leases – expired	7 Years
Garnishments	7 Years
Insurance claims	7 Years
Invoices (to customers, from vendors)	7 Years
Notes receivable ledgers and schedules	7 Years
Payroll records and summaries	7 Years
Personnel records (terminated)	7 Years

Record	Retention
Fixed Assets/Property Records Maintain for 3 years after final grant year block or after the sale or disposal of an item	
Property records (incl. depreciation schedules)	7 Years
Purchase orders	7 Years
Sales records	7 Years
Subsidiary ledgers	7 Years
Timesheets/cards	7 Years
Withholding tax statements	7 Years
Bank statement & reconciliations	3 Years
Chart of accounts	3 years
Employment applications	3 Years
Insurance policies (expired)	3 Years
Internal audit reports	3 Years
Internal reports	3 Years
Petty cash vouchers	3 Years
Correspondence – General	2 Years