

Attachment 38

Cost Allocation Policy (Page 103)

Full Employment Council, Inc
Fiscal Policy Manual

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SECTION 100

OBJECTIVES AND INTRODUCTION

100 OBJECTIVES AND INTRODUCTION

101 OBJECTIVE

- I. The Financial Manual has been generated to assist in maintaining appropriate fiscal procedures and systems for the Full Employment Council, Inc., and its subcontractors as applicable.

Financial Procedures will be maintained in accordance with all applicable rules and regulations. Funding source financial manuals will be incorporated into these procedures, whenever applicable. Specifically, the Financial Manual and updates issued by the Department of Economic Development, Division of Workforce Development will be considered a part of this manual for all Federal programs funded through that office.

The Full Employment Council, Inc maintains this manual. A copy of the manual will be submitted to the Department of Workforce Development (DWD). Modification to this manual will be made based on changes in WIOA regulations and issuance's by DWD, Super Circular and policy and procedure changes as adopted by management.

- II. The objective of this manual is to provide guidance to:

- A. Provide management and interested parties with accurate, current and complex disclosures of the financial status and operations results of an organization, in accordance with generally accepted accounting principles and government regulations.
- B. Maintain records which identify adequately the sources and applications of funds for allowable activities.
- C. Prevent wasteful or unnecessary expenditures to those authorized by management, policy and regulations.
- D. Restrict liabilities, obligations and expenditures to those authorized by management, policy and regulations.
- E. Ensure all revenues and expenditures are properly accounted for.
- F. Judge the efficiency, economy, and effectiveness of operations.
- G. Measure adherence to program planning and budget summary.

- III. When procedure amendments become necessary, the Chief Financial Officer shall draft such amendments and present them to the CEO for approval.

102 ACCOUNTING STANDARDS

- I. The contracting agency must maintain an accounting system which meets all current generally accepted accounting principles (GAAP) applicable to the agency, i.e., GAAP promulgated by the Financial Accounting Standards Board (FASB) for non-governmental entities and the Governmental Accounting Standards Board (GASB) for governmental entities.
 - A. Sufficient to:
 1. Permit preparation of required reports;
 2. Permit the tracking of funds to a level of expenditure adequate to establish that funds have not been used in violation of the applicable restrictions on the use of such funds;
 3. Permit the tracing of program income, potential stand-in costs and other funds that are allowable, except for funding limitations defined in 2CFR 200 of this part, Audits; and
 4. Demonstrate compliance with matching
 - B. The Senior Accountant shall prepare and maintain formal monthly trial balances, which are initialed and dated and submitted to the CFO for review by the 10th of the month.
 - C. The Accountant shall prepare and maintain formal monthly bank reconciliation, which shall be initialed and dated. The reconciliation shall be done to the general ledger cash balance(s), not just the checkbook balance and forward for review to the CFO by the 15th of the month.
 - D. The Statement of Activities shall be prepared prior to preparing the Contract Progress Reports.
 - E. The Department Secretary or designated Assistant shall maintain a check log or other similar instrument to record incoming checks. The check log shall be used during the bank reconciliation to verify cash receipts for accuracy and timeliness.
 - F. The Department Secretary shall restrictively endorse it "For Deposit Only" on incoming checks.
 - G. The amount received must be checked against the cash requested from DWD; DWD must be contacted if any differences arise.
 - H. After printing the blank CPR's, the pre-printed information on the CPR must be verified, including the year-to-date expenses.
 - I. Accrued expenditures mean charges made to the WIOA program. Expenditures are the sum of actual cash disbursements, the amount of indirect expense incurred by the recipient for: goods and other property received; services performed by employees, contractors, sub-grantees, subcontractors and other payees; and other amounts owed under programs for which no current services or performance are required, such as annuities, insurance claims and other benefit payments.

Definition of Abbreviation

| | | |
|------|---|--|
| FEC | = | Full Employment Council |
| DWD | = | Department of Workforce Development |
| DOL | = | Department of Labor |
| WIOA | = | Workforce Investment and Opportunity Act |
| OJT | = | On-the-Job Training |
| CPR | = | Contract Progress Report |
| CEO | = | Chief Executive Officer |
| WDR | = | Workforce Development Region |
| DESE | = | Department of Elementary & Secondary Education |
| MWA | = | Missouri Work Assistance |

SECTION 200

GENERAL POLICIES

201 FISCAL YEAR

The period of the Full Employment Council, Inc. begins on July 1st and ends on June 30th of the following calendar year.

202 ACCOUNTING SYSTEM

202.1 Automated accounting system is employed for maintaining ledgers automated of the organization. A computer accounting software produced by Micro Information Products, Inc. (Abila MIP Fund Accounting System) is implemented for transactions on and after July 1, 1999, with account beginning balances brought in from audited financial statements.

202.2 FEC's accounting system is designed to meet current Generally Accepted Accounting Principles (GAAP) as applicable to the Agency and the Governmental Accounting Standard Board (GAAB).

202.3 Chart of Accounts is shown in the Appendix of this Manual. The Chart of Accounts is organized in the following manner:

General Ledger Accounts are to indicate Assets, Liabilities, Fund Balances, Revenues and Expenditures.

Sub-accounts A and B are to indicate the detail information regarding each transaction.

| G/L Account | | Purpose of Sub-Account |
|-------------|-----------------------------|----------------------------|
| | | A |
| 1010-1080 | Cash Accounts | Not Applicable |
| 1510 | Fixed Asset Account | Not Applicable |
| 1210/1215 | Accounts Receivable Control | Types of Receivables/other |
| 2010/2020 | Accounts Payable | Types of Payable/Other |
| 3000 | Fund Balance Account | Grant Number |
| 3110-3150 | Contra – G/L 110 Account | Not Applicable |
| 5010-7130 | Expenditure Budget Control | Not Applicable |
| | Budget Offset Account | Not Applicable |
| 4100-4510 | Revenues Control Account | Grant Number |

202.4 **The Software Package.** There is a separate Abila MIP Fund Accounting manual provided by Micro Information Products, Inc., with the Abila MIP Fund Accounting System software package.

203 RECOGNITION OF REVENUE AND EXPENDITURES

203.1 Revenues are recorded when received, except at the end of the fiscal year, where Grants Receivable accounts record revenues that pertain to expenditures for that fiscal year. When revenues are in excess of expenditures (based on cash received), they are set up as Grants Payable and conversely if cash received is less than expenditure, they are set up as Grants Receivable.

203.2 Expenditures are recorded when disbursed, except at the end of the month and Fiscal year when expenditures are incurred but not paid by the end of the period they are accrued and a payable is established into the following fiscal year. This cost will be reported in the current year as a current cost. if the contracting agency has had continuous contract for that program year.

Payments for services or goods received that benefit more than one period are recorded as expenditures in the period when payments are made; prepaid will be recorded only when the amount of prepaid is at least \$1,000.00. The only two exceptions are for prepaid postage.

203.3 Capital outlays are expenses when paid for purchase with federally funded Programs, but a separate inventory program system is maintained for durable goods tracking purposes. Capital outlays purchased with unit cost of \$5,000 are recorded as fixed assets and depreciated where necessary. Fixed asset are depreciated at the end of the year

204 Shared Costs Pool

Shared Cost pool are costs that are both administrative and non administrative program costs incurred by the Full Employment Council, Inc. At the end of each month, these costs are allocated to the programs that benefited based on the ratio of Direct Program costs, after procedures in Section 203 have been performed for that month. At the end of the month, a report is generated to determine the monthly sum of direct program cost of the benefited program. The ratio among different programs is the basis for allocating the monthly total shared costs.

205 MATCHING COSTS

Matching costs for grants requiring match are recorded to Fund Accounts “5”.

206. AUDIT GUIDELINES AND STANDARDS

AUDIT REQUIREMENTS:

% All agencies that receive WIOA or any other Federal funds, except for those agencies exempted in Section 6.A4. Shall be audited and must comply with the Uniform Guidance. Agencies described herein included Administrative Entities (AE's), statewide contractors (those who are not AE's, but who receive funds directly from DWD) and all subcontractors below these levels.

& Many sub-recipients are required to have their own single audit, as described in Section 6.A.3. Audit reports should include the audit of any funds provided through WIOA contract agreements, such as WIOA, S.B. 628, etc. Any duplication of audit coverage charged to WIOA funds could affect the allocability for the duplicate charge paid by the AE or statewide contractors.

206.1 There shall be an annual financial and compliance audit conducted by an independent auditor per the Super Circular

Work papers and reports shall be retained for a minimum of three (3) years from the date of the audit report unless the auditor is notified in writing by the State of Missouri of the need to extend the retention period. The audit work papers shall be made available upon request to the State of Missouri and the U.S. General Accounting Office and any other Federal Regulatory Agencies.

- 206.2** All audit engagement, including WIOA funds shall be accomplished pursuant to a "Request for Proposals" process.
- 206.3** Within 30 days after receipt of audit report, FEC should notify each Subcontractor of any findings with a request that the Subcontractor respond to each finding within two (2) weeks of receipt. If no response is received, then a second reminder shall be made. If no response is received within two (2) weeks of the second reminder, a third request shall be mailed under certified mail.
- 206.4** All responses should include any resolutions, failing which a check for the questioned costs should be remitted.
- 206.5** All questioned costs recovered and resolutions thereof should be mailed to DWD within 60 days of receipt of the audit report.

207 CONFLICT OF INTEREST

The following is the code of conduct governing the performance of persons engaged in the award and administration of procurements, contracts and sub-grants.

A conflict of interest, real or apparent would arise when:

1. The individual,
2. Any member of the individual's immediate family,
3. The individual's partner, or
4. An organization which employs, or is about to employ, any of the above,
5. Has a financial or other interest in the firm or organization selected for award.

207.1 WDB MEMBERS

All members of the Board of the Full Employment Council, Inc., Kansas City & Vicinity, Workforce Investment Board and East Jackson County shall sign a "Conflict of Interest Statement" (attachment) which shall be retained at the Full Employment Council, Inc. The "Conflict of Interest Statement" shall list agencies in which the member has a real or apparent financial interest.

A board member shall not cast a vote on, nor participate in, any decision-making capacity on the provision of services by such member (or any organization which that member directly represents), nor on any matter, which would provide any direct financial benefit to that member.

Neither membership on the Board nor receipt of WIOA funds shall be construed, by themselves, to violate provisions to provide training and related services of Section 141 (f) of the Act or Section 627.420 of the WIOA regulations.

207.2 SANCTION - WIB MEMBER WIOA

Violations by WIB members shall be referred to the Board of the Full Employment Council, which shall determine the sanction, which may include a request for the resignation of the member of the Board.

207.3 OFFICERS, EMPLOYEES AND AGENTS

No officer, employee or contractor or agent of the Full Employment Council, Inc. shall solicit or accept gratuities, favors or anything of monetary value from contractors, potential contractors or parties to sub-agreements, of substantial financial interest.

207.4 SANCTION - OFFICERS AND EMPLOYEES

Violations of officers or employees shall be referred to the President of the Full Employment Council, Inc., who shall review the charge and determine the appropriate sanction. If the officer is the President of the agency, such charges shall be referred to the Chairperson of the Full Employment Council, Inc. Board.

207.5 SANCTION - CONTRACTORS AND AGENTS

Violations of this section by any contractor or agent shall be referred to the President, who shall determine the appropriate sanction.

207.6 PROCUREMENT PROTEST PROCEDURES - COMPETITIVE PROPOSALS

In the event that a service provider or potential service provider has a dispute relating to procurement, the provider must notify the Full Employment Council, Inc. in writing within thirty (30) days of notification of award or denial of award. The notification of dispute should include a description of what is disputed and why. Notices of dispute will be referred to the Proposal Review Committee who will meet with the protesting entity within twenty (20) days of receipt of the notice of dispute to address the issues described in such notice. If the committee is unable to resolve the dispute, the protesting entity will be referred to the Grievance Officer.

207.7 PROCUREMENT PROTEST PROCEDURES – SMALL PURCHASE

Sealed bids (formal advertising) and noncompetitive (sole source) provider has dispute relating to a procurement, the vendor/provider must notify the Full Employment Council, Inc. of said grievance, in writing within thirty (30) days following selection of other vendor/provider. The notification of dispute should include a description of what is disputed and why. Notices of dispute will be referred to the Chief Financial Officer and another FEC officer who will meet with the protesting entity within twenty (20) days of receiving notice of dispute to address the

issues described in said notice. If the Chief Financial Officer is unable to resolve the dispute, the protesting entity will be referred to the Grievance Officer.

208.8 FRAUD, PROGRAM ABUSE AND CRIMINAL CONDUCT

Fraud may be defined as the intentional or deliberate deception to secure monetary or personal gain. It may encompass, but not limited to:

1. Bribery, forgery, extortion, or embezzlement.
1. Theft of participants' checks.
2. Kickbacks from participants or contractors.
3. Intentional payments to a contractor without expectation of receiving services.
4. Payments to ghost enrollees.
5. Misuse of appropriated funds.
6. Misrepresenting information in official reports.

The Uniform Guidance, 200.435 (3) defines fraud as acts of fraud or corruption or attempts to defraud the Federal Government or to corrupt its agents; acts that constitute a cause for debarment or suspension (as specified in agency regulations); and acts which violate the False Claims Act.

FEC and its sub recipients shall comply with USDOL Training and Employment Guidance Letter (TEGL) No. 2-12, issued July 12, 2012, or any change or revision thereafter. TEGL 2-12 transmits procedures to be followed by all Employment and Training Administration ("ETA") grant recipients for reporting allegations of fraud, program abuse or criminal conduct involving grantees or other entities and sub recipients receiving Federal funds either directly or indirectly from ETA. Sub recipients must also disclose, in a timely manner, in writing to the DWD all violations of Federal criminal law involving fraud and any other criminal activity at the same time any report is made to the USDOL. The embezzlement from WIOA funds, improper inducement, and the obstruction of investigations shall be subject to certain penalties as allowed by appropriate State law.

SECTION 300

CASH MANAGEMENT

SECTION 300

CASH MANAGEMENT

301 CASH MANAGEMENT

Generally, FEC receives payments from different sources: local government, the State of Missouri, the federal Agency or Subcontracts from other organizations. These payments could be in the form of advance or on a reimbursement basis. This Section addresses responsibilities of the FEC for Federal funds received from Federal Agency directly or Federal funds that pass through another entity. In every case, FEC maintains accounting methods as well as internal controls and procedures that assures compliance with 2 CFR 200.305 .

A. Payment Methods

1. Reimbursements. All reimbursements shall be based on actual disbursements, not on obligations. Fiscal Staff will process reimbursement requests within the timeframes required by the grant agreement for disbursement. Consistent with state and federal rules and contract requirements, FEC will maintain source documentation supporting the expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for review upon request. Reimbursements of actual expenditures do not involve interest calculations.

2. Advances: When FEC receives advance payments of federal grant funds from Federal Agency directly or pass-through another entity, it must minimize the time elapsing between the transfer of funds to the FEC and the expenditure of those funds on allowable costs of the applicable federal program. The FEC shall attempt to expend all advances of federal funds within seventy-two (72) hours of receipt.

When applicable, the FEC shall use existing resources available within a program before requesting advances. Such resources include program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds(2 CFR 200.305(b)(5)). FEC shall hold federal advance payments in insured, interest-bearing accounts (2 CFR 200.305(b)(8)) . The FEC shall not retain any interest earned on federal grant cash balances. Any interest earned on federal grant funds will be remitted annually to the federal fund awarding agency 2 CFR 200.305(b)(9).) Reporting and Remittance of interest shall be responsibility of the fiscal department.

302 PETTY CASH

302.1 **Amount.** A Petty Cash Fund for \$200 is established for small disbursements. An accountant is designated the Custodian of Petty Cash The Senior Accountant performs the actual reconciliation of petty cash.

302.2 **Outlay Procedure.** The employee requiring petty cash, submits an approved purchase request, for the amount needed, to the petty cash custodian. The purchase request must be signed by an officer. The custodian writes a receipt which is signed by the employee receiving the petty cash. The requested cash is removed from the petty cash box and given to the employee .The receipt is stapled to the purchase request and the purchase request is filed in the petty cash documentation box. Both boxes are kept with each other in the safe.

- 302.3 **Replenishment.** To replenish the Petty Cash Fund, the Senior Accountant reconciles petty cash by preparing a Petty Cash Reconciliation Report (PCRR), which verifies both current cash in the cash box and amount to be replenished, per the purchase requests in the documentation box. The actual petty cash balance plus the total of purchase requests submitted should always equal \$ 200, the established petty cash account balance. Based on the PCRR, an AP voucher is created by the custodian accountant, crediting cash for the necessary replenishment amount and debiting the appropriate expense accounts, using the purchase request information. A copy of the Petty Cash Reconciliation Report prepared by the Senior Accountant and the supporting purchase requests are attached to the AP voucher. A check is created, and the custodian accountant takes the check to the bank to obtain the cash replenishment. The AP voucher is filed in the Accounts payable vendor files under the Vendor ID.
- 302.4 **Control.** The Petty Cash Fund is audited at undisclosed interims by the Chief Fiscal Officer, and actions taken immediately if any irregularity arises.

303 RECEIPTS AND REVENUE

- 303.1 **Receipts.** The Operations/Executive Assistant opens mail and records all checks/cash immediately upon receipt. He/she then restrictively endorses them and forwards the receipts to the Fiscal Department
- 303.2 **Cash Receipt Journal Voucher Preparation.** The Accounting Specialist makes copies of the checks and forwards the checks and supporting documentation to the appropriate accountant. The Accountant prepares the Cash Receipts Journal Vouchers, cash deposit slips, and enters cash receipt information into the appropriate system. When preparing the cash receipt journal voucher, the appropriate fund cash account is debited and, based on the backup documentation, the appropriate offsetting account is credited. The Journals are then forwarded for CFO or Senior Accountant approval. Upon approval, the journal voucher is forwarded to the appropriate accountant to enter into the MIP Accounting System.
- 303.3 **Cash Draw Down.** The Senior accountant will analyze the cash requirements on a weekly basis and prepare the weekly cash draw down request. The purpose of the cash analysis is to minimize cash on hand. The weekly cash draw down request will be submitted to the CFO for review by Monday. All cash draw down requests shall be submitted to the State by their deadline. Monthly, all warrants received from the state are to be reconciled with WIOA's cash draw down report and the General Ledger.
- 303.4 **Deposits.** The Chief Fiscal Officer or his/her designee randomly reviews the deposit slip against cash/check received and cash journal.

The general policy is that cash deposits will be deposited in the bank within 24 hours of receiving the check. FEC has remote Bank deposit service with bank of America to facilitate the deposit process. Bank deposits are generally made on the same day of receipt. However, receipts less than \$100.00, may be kept in the safe for deposit the next day

304 CASH DISBURSEMENTS TO VENDORS, CLIENTS, AND STAFF

The following areas of disbursement are covered by this issuance: 1) Cash Disbursements to Vendors; 2) Cash Disbursements to Clients; and 3) Cash Disbursements to Staff.

304.1 Cash Disbursement to Vendors.

The procedures outlined below will be followed in making payments to vendors under all programs administered by the Full Employment Council.

- ❑ **Separation of Duties and Mailing of Checks.** Checks to vendors will be mailed directly to the vendor by the Fiscal Accountant in the Fiscal Unit who is independent of preparing checks. Vendors checks will no longer be forwarded to staff for distribution.
- ❑ **Receipt Log.** The Fiscal Unit will maintain a receipt log for vendor disbursement checks that are picked up by a vendor. The vendor's signature will be required to acknowledge receipt of a check.
- ❑ **Review of Check Endorsements.** The Fiscal Unit staff person responsible for reconciling the bank account will examine all cancelled checks for unusual endorsements.
- ❑ **Verification of Vendor Information.** The Fiscal Unit will periodically verify vendor information by direct communication with the vendor to validate the existence and validity of the vendor. Such verification should include the name, address, social security number or employer identification number, and other pertinent data.

304.2 Cash Disbursement to Clients.

The procedures outlined below will be followed in making payments to clients under all programs administered by the Full Employment Council.

- ❑ **MoJobs or other Funding Agency Case Management Systems Printout:** To ensure that checks are not distributed to clients who have not yet been enrolled in a program, a printout indicating program activity/work activity or the Registration Screen which documents enrollment (shall accompany the OB/DEOB form.
- ❑ **Separation of Duties and Mailing of Checks.**
 - **Support Service and Retention Payment Checks** to clients will be mailed directly to the client by the Fiscal Accountant in the Fiscal Unit who is independent of preparing checks. Support service and retention payment checks for clients will no longer be forwarded to staff for distribution.
 - **Client paychecks:** Client paychecks may be distributed to clients rather than mailed.
- ❑ **Distribution of Checks:**

- **Support Service or Retention Payment Checks:** Unless approved by the President or Vice President, clients will NOT be allowed to pick up support service or retention payment checks.
- **Client Paychecks:** The Fiscal Manager will provide the original checks accompanied by a copy of each check to the Managers for distribution to clients, who must *sign off* on the check copy in order to receive their checks. Managers will be responsible for submitting one copy of the signed check to the Fiscal Unit, and another copy sent to the MIS unit.
- **Review of Check Endorsements.** The Fiscal Unit staff person responsible for reconciling the bank account should examine all cancelled checks for unusual endorsements.
- **Verification of Vendor Information.** The Fiscal Unit should periodically verify client information by direct communication with the client to validate the existence and validity of the client. Such verification should include the name, address, social security number, and other pertinent data.
- **Distribution of Weekly Log of Support Service Checks.** Each week the Fiscal Unit will distribute to managers and officers a log of support service checks issued the previous week. This log shall be divided by office location, and shall include the following information: client name, social security number, check mail dates, check amount, and check description.
- **TRE Payments to MWA Clients.** Transportation related payments (TRE) made under the MWA program are disbursed to clients through a direct deposit to their EBT cards.

304.3 Cash Disbursement to Staff

The procedures outlined below will be followed for distributing checks to staff.

- **Debiting of Checking Accounts:** In most cases, paychecks will be distributed to staff through direct deposit in checking accounts, and staff can access their paystub online.t
- **Receipt Log.** For New staff's first check and for staff whose account is temporary not available. FEC can issue a live check the Fiscal Unit will maintain a receipt log for staff disbursement of checks that are picked up by a staff person. The staff person's signature will be required to acknowledge receipt of a check.

This procedure will also be followed for all other checks made payable to staff.

305 BANK ACCOUNTS : All bank accounts are FDIC insured and with collateral agreements for amount over the FDIC limits of \$250,000.00.

306 CHECK /PAYMENT PROCESSING : FEC maintains a Positive Pay with UMB . After checks is processed an Senior accountant who has no access to checks or processing of checks will upload the checks issue to the online bank account. Only checks in this list could be processed by the bank. The bank will email any exception check to both Officers and Senior Accountant

- 306.1 **Blank Checks.** All blank checks must be kept in the FEC safe. The appropriate accountant will keep a log indicating the check number of the check last issued to account for all unused checks.
- 306.2 **Voided Checks.** The appropriate accountant enters voided checks into MIP system and stamps the check or check copy “void”. The voided check or check copy is forwarded to another accountant, who files the voided check or check copy in the appropriate vendor file. If the lower portion of the check is still attached, remove and file in numerical order in the appropriate check stub folder. If the lower portion of the check is already filed in the check stub folder, locate the check stub and stamp “void” so all records reflect the check has been voided.
- 306.3 **Unclaimed Checks.** After checks are outstanding over 120 days, move any unclaimed checks to GL Account Code 2247 for Payroll Checks and 2248 MIP Checks. Attach a copy of the check and supporting documents and have CFO approve the Journal voucher before entering into MIP. Designated Accountant will update the excel spreadsheet UNCP Listing. Copy of check and supporting documentation is also filed in Unclaimed Property /State Binder. The total unclaimed funds will be compiled annually and a check will be issued to Missouri Secretary of State On November 1 and any claims made after the funds are forwarded to the state must be sent directly to the state.
- 306.4 **Unclaimed Participant Wages and Other Unclaimed Payments.** All unclaimed participant wages must be returned to the State. These wages must be transmitted after a period of ninety (120) days from the original payroll date, or five (5) calendar days after the date the check will become void not to exceed a period of one (1) year. A check for unclaimed wages and vendor payments should be returned to the State with an itemized list giving the following information:
1. Administrative entity or statewide operator’s name;
 2. Contract number;
 3. Payee’s name;
 4. Payee’s social security number or Tax id;
 5. Unclaimed check number; and
 6. Amount of unclaimed.

Any other payment which does not result in an actual cash outlay (either by the check not being deliverable or the check not clearing the bank), but for which a liability to the WIOA program exists (in other words no replacement check was issued) shall be returned to WIOA within thirty (30) days after the date the check will become void not to exceed a period of one (1) year. A check for other Unclaimed Payments shall be returned to WIOA stating the payee, date, amount, the organization who issued the check, the funding source(s), and the cost category (ies) involved.

- 306.5 **Bank Account Reconciliation.** The Accountant reconciles the bank statement, MIP’s accounting system’s detail for the cash account, and the manual excel cash receipt record with each other by the 25st of the month following the month to be reconciled. A bank reconciliation package is prepared and forwarded for either the CFO’s or managing accountant’s approval.

306.6 To account for all checks written, issued or voided, the bank statement reconciliation should indicate the first and last check numbers reconciled. On the same report, the last check number on the previous reconciliation should also be listed.

The actual bank statements with cleared checks are filed in a box kept in the fiscal department. The approved reconciliation package is filed in a binder also kept in the fiscal department.

306.7 Bank Reconciliation and Unclaimed Checks Procedure

1. After 60 days send Vendors/contractor letter stating the check was issued and has not cleared our banking account, supply date, amount and contract number.
2. After 120 days move check using a Journal Voucher to Unclaimed Checks Account.
3. Issue a stop payment on the check at the banking facility.
4. Have Chief Financial Officer approve and sign journal voucher to be entered in MIP.
5. File copy of check and supporting documents in Unclaimed Property/State File.

SECTION 310

ACCOUNTING SYSTEM & PROCESS

310 ACCOUNTING SYSTEM

The FEC shall employ a modified accrual system where cost may be incurred on an as you go basis or incurred pro-rated for the period as determined by the Chief Fiscal Officer.

Each transaction is recorded with a General Ledger Account Number and Sub-accounts A, B, C & D to indicate program year, grant, state expenditure category and types of revenue/expenditure, SBU (Strategic Business Unit) respectively, (See Section 800 Chart of Accounts). For expenditures, Sub-accounts A and B are for reporting expenditures to the State by line item of the Grant Contract Progress Report (CPR). General Ledger reports expenditures by FEC corporate budget line item for management evaluation purposes.

311 PREPAID/ACCRUAL OF EXPENDITURES

312.1 **General Provision.** All transactions incurred in a month are recorded as current month transactions. Expenditures are accrued monthly for costs incurred but not paid as of end of the month and prepaid expenses are only recognized at fiscal year end for costs paid, but not incurred until sometime in the future. FEC generally does not prepay expenses. Prepaid expenses are very rare during the year. Prepaid expenses that are over \$1,000 are prorated between current period ending and the next period based on the time period specified in the invoice.

The accrual amounts are based on invoices received from vendors and contractors subsequent to the end of the period for service before or Purchase Orders to Vendors, if a vendor invoice isn't available. Payroll cost accrued but not yet paid is regularly accrued on a monthly basis. The FMS access data base is used to monthly accrue any client training and support related cost incurred but not paid.

Example of entries for accrual & prepaid expenses (in period X1) and liquidation (in period X2) are as follows:

For PeriodX1 accrual (regular vendor accounts using vendor invoice):

| <u>Fund</u> | <u>G/L</u> | <u>PY</u> | <u>Grant</u> | <u>State</u> | <u>SBU</u> | <u>Debt</u> | <u>Credit</u> |
|-------------|------------|-----------|--------------|--------------|------------|-------------|---------------|
| 1 | 6710 | 00 | 2105 | 3600 | CCITY | 200.00 | |
| 1 | 1010 | | | | | | 200.00 |

To record expenditure accrual for telephone monthly service charge for June 19X1. A/P Voucher is dated the last day of the ending period and expense is booked to the correct period through the A/P module. Further journal entries are not needed.

For PeriodX1 accrual (regular vendor accounts-using purchase order)

| <u>Fund</u> | <u>G/L</u> | <u>PY</u> | <u>Grant</u> | <u>State</u> | <u>SBU</u> | <u>Debt</u> | <u>Credit</u> |
|-------------|------------|-----------|--------------|--------------|------------|-------------|---------------|
| 1 | 6415 | | 3199 | 3600 | CCITY | 200.00 | |
| 1 | 2020 | | TEMP | | | | 200.00 |

To record expenditure accrual for fixed asset using purchase order because vendor invoice hasn't been received yet. Expense is not paid until invoice is received.

For PeriodX2 –

| <u>Fund</u> | <u>G/L</u> | <u>PY</u> | <u>Grant</u> | <u>State</u> | <u>SBU</u> | <u>Debt.</u> | <u>Credit</u> |
|-------------|------------|-----------|--------------|--------------|------------|--------------|---------------|
| 1 | 2020 | | Temp | | | 200.00 | |
| 1 | 1010 | | | | | | 200.00 |

To Record payment of invoice when received and partially reverse purchase order accrual booked in prior year.

For PeriodX1 accrual (program contractor accounts):

| <u>FD</u> | <u>GL</u> | <u>PY</u> | <u>GRANT</u> | <u>STATE</u> | <u>SBU</u> | <u>DR</u> | <u>CR</u> |
|-----------|-----------|-----------|--------------|--------------|------------|-----------|-----------|
| 1 | 7130 | 00 | 3105 | 3200 | CCITY | 1000.00 | |
| 1 | 7130 | 00 | 2205 | 3200 | EJACK | 520.00 | |
| 1 | 2020 | 00 | 3105 | 3200 | CCITY | | 1000.00 |
| 1 | 2020 | 00 | 2205 | 3200 | EJACK | | 520.00 |

To record SDA 3 IIA Adult OJT contractor expenditure accrual for periodX1, contract #xxxxx.

For PeriodX2: (program contractor accounts)

| <u>FD</u> | <u>GL</u> | <u>PY</u> | <u>GRANT</u> | <u>STATE</u> | <u>SBU</u> | <u>DR</u> | <u>CR</u> |
|-----------|-----------|-----------|--------------|--------------|------------|-----------|-----------|
| 1 | 2020 | 00 | 3105 | 3200 | CCITY | 1,000.00 | |
| 1 | 2020 | 00 | 2205 | 3200 | EJACK | 520.00 | |
| 1 | 1010 | | | | | | 1,520.00 |

To reverse prior year accrual for contract #xxxxx

For PeriodX1 –Prepaid Expense (regular vendor accounts):

| <u>Fund</u> | <u>G/L</u> | <u>PY</u> | <u>Grant</u> | <u>State</u> | <u>SBU</u> | <u>Debt</u> | <u>Credit</u> |
|-------------|------------|-----------|--------------|--------------|------------|-------------|---------------|
| 1 | 6710 | 00 | 3105 | 3600 | CCITY | 120.00 | |
| 1 | 1240 | | PHON | | | 60.00 | |
| 1 | 1010 | | | | | | 180.00 |

To record prepaid expenditure for telephone monthly service- 10 days current period ending and 20 days next fiscal year. (invoice amount/30 days = rate per day and rate per day X 10 days and 20 days = amounts to book to each fiscal year).

For PeriodX2- Prepaid Expense (regular vendor accounts):

| <u>Fund</u> | <u>G/L</u> | <u>PY</u> | <u>Grant</u> | <u>State</u> | <u>SBU</u> | <u>Debt.</u> | <u>Credit</u> |
|-------------|------------|-----------|--------------|--------------|------------|--------------|---------------|
| 1 | 6710 | 00 | 3105 | 3600 | CCITY | | 60.00 |
| 1 | 1240 | | PHON | | | | 60.00 |

To record prepaid expenditure booked in prior period ended to current period as current expense. To insure that the balance sheet prepaid expense GL is cleared and prepaid expense is booked as current expense in the next fiscal year, prepare both journal entries at the same time and use different journal voucher and program year dates.

Reconcile Accrual and prepaid expense accounts at the end of the first Quarter or 2nd Quarter. Use a detailed Report for GL (2020 & 1240) to insure all accruals and prepaid expenses have been reversed and GL 2020 and 1240 have zero balances.
Accrual are reported to the state on a quarterly basis

312.2 Payroll Entries

The biweekly (14-day) pay-period for the Full Employment Council is from Monday through Sunday of the following week. Paychecks are distributed on the first Friday following the end of the pay period.

□ **Payroll Period End Process.**

When the pay-period ending day does not coincide with the period ending day, the amount of salaries accrual is determined by the following method:

The gross wage expenditure is computed for each appropriate payroll GL code and sub account codes (grant, state, and sbu codes) through payroll summary reports and fringe

benefit worksheets. The ratio of working days in the two fiscal periods is computed and this ratio is applied to the total expenditures computed for each of the Expenditure Sub-accounts to determine the payroll expense to book to each of the two fiscal periods.

For example, if the salary is \$ 395,872.96 for the Sub-accounts combination listed below for the pay-period covering fiscal years X1 and X2, and the number of working days in period X1 is 3 days, it is recorded as follows: \$ 84,829.92 booked to X1 and \$ 311,043.04 to X2 (refer to Section 800 Chart of Accounts for coding):

For Period X1 accrual entry:

| FD | GL | YEAR | GRANT | STATE | SBU | PPE PPD | 6/30/00 7/7/00 DEBIT | CREDIT |
|-------------------------|------|------|-------|-------|-------|------------|----------------------------|-----------|
| 1 | 5010 | 2000 | 3259 | 3600 | SOUTH | 3 | 3,504.58 | |
| 1 | 5010 | 2000 | 2250 | 3600 | SOUTH | 12 | 2,369.01 | |
| 1 | 5010 | 2000 | 3250 | 3600 | CCITY | | 38,308.41 | |
| 1 | 5010 | 2000 | 3250 | 3600 | NORTH | | 7,435.50 | |
| 1 | 5010 | 2000 | 3250 | 3600 | EXCEL | | 835.59 | |
| 1 | 5010 | 2000 | 2250 | 3600 | EJACK | | 5,699.79 | |
| 1 | 5010 | 2000 | 3250 | 3600 | RAY | | 1,761.31 | |
| 3 | 5010 | 2000 | 0910 | 3600 | HALL | | 4,647.88 | |
| 3 | 5010 | 2000 | 0910 | 3600 | NAP | | 3,138.93 | |
| 3 | 5010 | 2000 | 0915 | 3600 | KAUF | | 17,128.92 | |
| *** FICA is not accrued | | | | | | | | |
| 1 | 2310 | | | | | | | 59,914.19 |
| 3 | 2310 | | | | | | | 24,915.73 |

To record the accrual of salary for the last three (3) working days of period X1 with pay-period ending 07/xx/19X2.

For Period X2 payment entries:

| FD | G/L | YEAR | GRANT | STATE | SBU | PPE PPD | 06/30/00 07/07/00 | DEBIT | CREDIT |
|----|------|------|-------|-------|-----|------------|----------------------|-----------|--------|
| 1 | 2310 | | | | | | | 59,914.19 | |
| 3 | 2310 | | | | | | | 24,915.73 | |
| 1 | 2110 | | FIT | | | | | | 597.51 |
| 1 | 2120 | | SIT | | | | | | 3.00 |

| | | | |
|---|------|--------------|----------------------------|
| 1 | 2130 | KCIT | 761.09 |
| 1 | 2110 | FICA | 6,489.68 |
| 1 | 2110 | FICF | 6,489.49 |
| 1 | 2240 | PRCK | |
| 1 | 2240 | PRCK | |
| 1 | 1050 | | 70,489.15 |
| | | TOTAL | 84,829.92 84,829.92 |

To record salary and employer's FICA expenses and to reverse prior year's salary payable for the pay-period ending 07/xx/19X2

□ **Vacation & Sick Time:** Accrual will be made in the books for accumulated vacation time at the end of the fiscal year using the modified accrual basis (only vacation that can be paid, if the employee quits the last day of the fiscal year, is accrued)

Vacation and sick leave hours are accumulated every pay-period in the payroll system based on service seniority (see FEC Personnel Policy). When vacation or sick leave is taken, it is recorded on the time sheet submitted, the number of hours taken is entered into the payroll system to offset number of available hours accumulated in the system.

312 **POSTAGE EXPENSE**

A/P voucher is done to reconcile, replenish and book postage expense at the same time. The postage machine keeps track of balance left and amounts booked to different account codes. When the balance is depleted in case of emergency, we use Postage by Telephone and, if absolutely needed, purchase power (extra charge) to replenish postage in machine.

313 **ACCOUNTING INFORMATION FLOW AND EDP CONTROL**

314.1 **Original Documents**

- **Payment Vouchers** are prepared based on:
 1. Approved Payment/Reimbursement Request along with invoices or receipts, if it is requested by staff; OR
 2. Payment voucher, if it is a regular contractual payment, such as rent for copying machine; OR

3. Approved Purchase Request and, if required, Purchase Order and invoice/receipt and receiving report/packing list.

After Payment Vouchers are approved, checks prepared and signed, copy of the check and the Payment Voucher is filed in Vendor/Contractor file; copy of the check stub filed in sequence by check number.

314.2 Journal Vouchers are prepared and approved for adjustments and Payroll Summary (payroll data obtained from Payroll Reports received from Paycom - payroll processing firm).

314.3 **AP Voucher Data Entry – Abila MIP**

1. The disbursement vouchers for the weekly payment shall be prepared by the respective accountants by 1:00 p.m. on Wednesday.
2. All disbursement vouchers shall state the batch # and the documentation total for each voucher.
3. The Accountants shall fill in the batch total of their respective section into the batch control sheet.
4. Accountant shall run two tapes on all the vouchers to indicate the total dollar amount of all the checks written for each bank account and transfer them into the batch control sheet.
5. All disbursement vouchers shall be turned into the CFO along with the batch control sheet for review.
6. After review, the Accountant shall enter the vouchers through the disbursement section of the ABILA MIP system to generate the checks for the week.
7. The Accountant shall ensure that all vendor numbers match with the vendor name when preparing the checks. **NO TWO VENDORS CAN HAVE THE SAME FILE NUMBER.**
8. A list of all new vendors shall be submitted along with the name address and file number along with the batch control sheets for setting them up in the ABILA MIP system.

The Accountant I shall set the new vendors up before processing the checks for the week.

9. Accountant shall ensure that all manually prepared checks during the prior week are entered into system as a separate batch and that all checks are serially accounted for by the Accountant.
10. Accountant shall be responsible to ensure that the weekly Journals are entered into the system by the Accountant through the general ledger section of the ABILA MIP system.
11. **All the journals for the week shall be prepared and compiled into the batch control sheet and submitted to the CFO for review no later than 11:00 a.m. on Monday for the prior week.**
12. **Accountant shall be designated backup to the Accountant to prepare checks during his/her absence or as assigned by the CFO.**
13. Accountant and Accountant shall be backup for each other during the absence of the other.
14. The Accountant shall print the un-posted transaction for the week and submit it to Accountant for review.

Accountant shall review the same account for all the checks and journals and forward it to the CFO for final review.

After the review of the CFO and after the necessary corrections are made, Accountant shall backup and post all un-posted transactions.

15. After successful posting of all entries Accountant shall print the Trial Balance and analyze all the accounts for propriety, and forward it to the CFO for final review.
16. The necessary entries shall then be made and a Trial Balance and detailed general ledger shall be printed by the Accountant who must initial and date these reports file is in separate binders.
17. All checks shall be submitted to the CFO for approval and signature no later than 4:00 p.m. on Thursday.

ALL CHECKS MUST BE PREPARED ACCORDING TO THE ABOVE SCHEDULE TO PRESENT THE CHECK TO THE PRESIDENT FOR FINAL APPROVAL AND SIGNATURE BY 4:00 P.M. ON THURSDAY.

314.4 **Journal Vouchers – Data Entry**

1. Accountant shall prepare all assigned journal entries by 9:00 a.m. on Monday.

Accountant shall submit all journal vouchers along with the batch control sheet to the CFO for review by 11:00 a.m. on Monday.

2. After the necessary corrections, if any, are made the journals shall be forwarded to the Accountant for data entry.
3. The Accountant shall key in all vouchers by the end of the day on Monday.
4. The Accountant shall print the listing of all journals for each batch and submit them to Accountant for review.
5. Accountant shall prepare necessary journal entry for administrative cost pool allocation and allocation of common expenditure at the end of each month and submit them for the review of the CFO. The duly approved journals shall be keyed in by the Accountant.
6. Accountant shall reconcile all benefit accounts and travel advance and prepaid account to the general ledger on a monthly basis and forward to the CFO for review by the 5th of the following month.
7. Accountant shall reconcile the cash accounts and Contractor advance accounts and any other balance direct accounts to the general ledger and forward it to the CFO for review by the 15th of the following month.

314 SYSTEM AND FILE BACKUP

315.1 There is an automatic daily back up of all Fiscal files on FEC server and with outside Services (Barracuda). All spreadsheet and database files must be stored in the appropriate server drive. For payroll files, a master copy is maintained by FEC's payroll service firm (Automatic Data Processing, Inc.).

315.2 Responsibility.

The responsibility to back up all fiscal files rests on the network systems administrator. This is part of the daily backup for all FEC servers. The Chief Fiscal Officer conducts unannounced audit of file backup status.

In addition, ABILA MIP Fund Accounting System file is also backed up by Accountant on a weekly basis immediately after data entries are made every Friday.

315 BUSINESS COMBINATION

Business combination or merger of FEC with other organizations should follow the rules set forth in APB 16 and be approved by FEC Board Resolution.

SECTION 320

PROCUREMENT / PROPERTY MANAGEMENT

I. 320.1 Procurement Policy

A. General Procurement Standards

FEC will use documented procurement procedures that reflect State and local laws and regulations, provided that the procurements conform to applicable Federal law and standards identified in 2 CFR Parts 200.317 through 200.326.

FEC will maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

FEC's Code of Conduct and Conflict of Interest Policy provides standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real, perceived or potential conflict of interest. Conflicts of interest must be disclosed in writing when known in advance or announced to the voting body. The party must excuse themselves from any further discussion and/or vote on the matter in question. Violations of such standards are subject to disciplinary actions provided in FEC's Code of Conduct and Conflict of Interest Policy.

FEC's procurement procedures will avoid acquisition of unnecessary or duplicative items and promote cost-effective use of shared services by entering into state and local intergovernmental agreements for procurement or use of common or shared goods and services where appropriate.

FEC will award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as:

- Contractor integrity,
- Compliance with public policy,
- Record of past performance, and
- Financial and technical resources.

FEC will maintain records sufficient to detail the history of procurement. These records will include, but are not limited to:

- Rationale for the method of procurement,

- Selection of contract type,
- Basis for contractor selection or rejection, and
- the basis for the contract price

B. Competition (2 CFR 200.319)

All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards provided in section 200.319 of 2 CFR 200. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work or invitations for bids or requests for proposals must be excluded from competing for such procurements.

FEC procurement transactions will contain no requirements that unduly restrict competition as specified in 200.319(a) and (b).

FEC procurement procedures will ensure that all solicitations:

- Incorporate a clear and accurate description of the technical requirements for the Material, product, or service to be procured in a manner that does not unduly restrict competition; and
- Identify all requirements which the offerors must fulfill and all other factors to be used in

Evaluating bids or proposals.

FEC will ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free completion. FEC will not preclude potential bidders from qualifying during the solicitation period.

C. Methods of Procurement (2 CFR 200.320)

FEC may use one of the following methods of procurement:

1. **Micro-purchases** (purchases of \$1 - \$5,000): Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (currently \$5,000, see Micro-purchase definition). To the extent practicable, FEC will distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be

awarded without soliciting competitive quotations if FEC considers the price to be reasonable.

- a. **Small Purchases** (purchases of \$5,001 - \$50,000): Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold (as of the publication of 2 CFR Part 200, the Simplified Acquisition Threshold is \$50,000 but is periodically adjusted for inflation.) If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. [A cost price analysis will be performed.](#)
2. **Competitive Proposals** (purchases of \$50,000– and above): The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:
 - a. Purchase over \$50,000 must be approved by the Fiscal Agent/Administrative Entity.
 - b. Requests for proposals must be publicized in at least one local newspaper and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical; Proposals must be solicited from an adequate number of qualified sources;
 - c. FEC will follow its written method for conducting technical evaluations of the proposals received and for selecting recipients;
 - d. Contracts will be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered;
3. **Sealed Bids (Formal advertising)** (purchases of \$50,000 – and above): Bids are publicly solicited and a firm fixed price or cost-reimbursement type contract is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.
 - a. Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time and the invitation for bids must be publically advertised;

- b. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
 - c. All bids will be opened in the presence of the evaluation committee.
 - d. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest.
 - e. Any or all bids may be rejected if there is a sound documented reason.
4. **Noncompetitive Proposals (Sole Source):** Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:
- a. The item is available only from a single source; or
 - b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation; or
 - c. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in [response to a written request from the non-Federal entity](#); or
 - d. After solicitation of a number of sources, competition is determined inadequate.

D. Contracting with Small and Minority Businesses, Women’s Business Enterprises, (2 CFR 200.321)

FEC will take necessary affirmative steps to ensure that minority businesses, and women’s business enterprises, are used when possible.

E. Procurement Review 2 CFR §200.324—Federal awarding agency or pass-through entity review.

- (a) FEC will make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is

needed to ensure that the item or service specified is the one being proposed for acquisition

(b) FEC will make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when the circumstances detailed in 200.323(b) apply.

(c) FEC is exempt from the pre-procurement review in paragraph (b) of this section if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.

(1) FEC may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third party contracts are awarded on a regular basis;

(2) FEC may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the non-Federal entity that it is complying with these standards. The non-Federal entity must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

H. **Bonding Requirements : 2 CFR §200.325**

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold (currently \$50,000), the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

(a) A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as

assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

(b) A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(c) A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

§200.326—Contract provisions. The non-Federal entity's contracts must contain the applicable provisions described in Appendix II to Part 200—Contract Provisions for non-Federal Entity Contracts Under Federal Awards. Procurement Review (2 CFR 200.324)

I. Contract Provisions (2 CFR 200.326)

FEC’s contracts must contain the applicable provisions described in Appendix II to Part 200 of 2 CFR 200.326 – “Contract Provisions for non-Federal Entity Contracts under Federal Awards.”

J. Sub recipient and Contractor Determinations (2 CFR 200.330)

FEC will make a case-by-case determination whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a sub recipient or a contractor (see Sub recipient and Contractor in the Definitions section of this policy).

In determining whether an agreement between FEC and another non-Federal entity casts the latter as a sub recipient or a contractor, the substance of the relationship is more important than the form of agreement. FEC will use judgment in classifying each agreement as a sub award or a procurement contract.

In compliance with 2 CFR 200.330, FEC will classify eligible providers of WIOA Adult, Dislocated Worker and Youth services as sub recipients.

K. Selection of One-Stop Operators [WIOA Sec. 121(d)]

The local board, with the agreement of the chief elected official, is authorized to designate or certify one-stop operators and to terminate for cause the eligibility of such operators. To be eligible to receive funds made available under this subtitle to operate a one-stop center, an entity:

1. Shall be designated or certified as a one-stop operator through a competitive process; and
2. Shall be an entity (public, private, or nonprofit), or consortium of entities (including a consortium of entities that, at a minimum, includes 3 or more of the one-stop partners describes in subsection 121(b)(1), of demonstrated effectiveness.

FEC will ensure that in carrying out activities under this title, one-stop operators-

1. Disclose any potential conflicts of interest arising from the relationships of the operators with particular training service providers or other service providers;
2. Do not establish practices that create disincentives to providing services to individuals with barriers to employment who may require longer-term services, such as intensive employment, training and education services; and
3. Comply with Federal regulations, and procurement policies, relating to the calculation and use of profits.

L. Suspension and Debarment (2 CFR 2900)

Non-federal entities and contractors are subject to the non-procurement debarment and suspension regulations implementing Executive orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, sub awards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities.

II. 320.2 - Initiating Purchase for Services, Goods, Commodities and Office Supplies

General Policies

1. All expected purchases greater than \$50 require the generation and submission of an approved purchase requisition.
2. No Employee is authorized to procure goods, services or other incidental expenses on behalf of FEC without the approval of the PRESIDENT or his designee. Such authorization must be obtained by completing the purchase request form before taking any action that will obligate the organization.
3. For purchases greater than \$500, A Purchase Order is generally the only legal means under which a vendor has the authority to ship or provide service and invoice for goods or services specified on the order. The only other legal means are a formal letter signed by the President or his designee. President/CEO must approve all purchases over \$500.
4. All contracts/lease agreements, irrespective of the dollar amount will be signed ONLY by the PRESIDENT.
5. Any purchase made outside of this procedure will be rejected unless approved by the PRESIDENT.
6. All purchases request properly completed should be directed to the Fiscal Department. The Chief Fiscal Officer (CFO) will review request and assign it to the appropriate individual. The CFO will forward all Purchases greater than \$5,000 directly to designated Procurement Staff to be processed.
7. **For purchases greater than \$5,000** and less than \$50,000 three written competitive prices are required to be obtained unless the request for proposals is publically advertised. A price analysis shall be made for the special items to determine the lowest bidder. All items requested shall be procured and distributed within five working days of receipt of the request.
8. All purchases greater than \$50,000 requires a sealed written formal public bid; a proposal, publicly advertised in at least one local newspaper. Preparation of detailed product or service specifications, solicitation of bids and awarding of such Purchase Orders is the responsibility of the Administration Department.

III. 321.0 – Preparation of Purchase Requisitions

All purchases of goods and services greater than \$50 must be requested on an approved Purchase Request Form. Except for Office Supplies that have its own separate requisition.

Requisitions must include the suggested vendors name, phone number, appropriate approval signatures, initiator name, complete specifications, and an estimate of the price quotation if obtained by requester and expected delivery date. The requesting department must complete the Requisition in its entirety to assure clarity of information. All requisitions may be approved by the appropriate division officer or their designee before submitting to Fiscal. Requisitions under \$500 require approval from two (2) Officers (two of any of the Chief Financial Officer, the Chief Executive Officer, or the Chief Operating Officer). Requisitions of \$500 or greater require the signature of three (3) Officers.

IV. 321.1 – Office Supplies

Office supplies can be requested by completing an office supplies requisition form. Each item has a 4-digit item code (e.g., 2015 is metal roller black ink pen). The measuring unit indicates whether each, by box or by pack, should requisition that item. Do not change the measuring unit on the form, as it would affect the expenditures charged. FEC is currently under a contract for office supplies with Corporate Express. All departments should have the Office Supply Order Forms. The order forms are on hand in the Admin/Fiscal Department along with the catalog. The order forms are submitted to the Fiscal Department for placement.

All Office Supplies Requisition Forms returned by the contracted vendor shall be filed in separate files, chronologically, by month, to establish documentation.

Items not on the requisition form but in the Office Supplies Catalog, a copy of which is distributed to each Secretary, may be requested by writing in the area marked “SPECIAL ORDER FORM”, and indicating the “stock number” and description in the Office Supplies catalog.

However, if the unit price for the item not in stock is \$100.00 or more, the requisition must be made by Purchase Request e.g. Printer, Fax, etc., and follow the procedures in Section 321 above. Otherwise, the request will be rejected.

All Purchases other than office supplies shall originate with a Purchase Request, prepared by user Department.

The Office Supplies Requisition must be approved by the division officer or designee before submitting to Accountant. In the absence of Section Director, the CFO will approve the request for emergency *cases*.

V. 322.0 – Purchase Orders

PURPOSE

To define the general methods followed in the processing of Requisitions by the Fiscal & Administration Department to create Purchase orders (See Attachment A).

All Purchase Request will be directed to the CFO. Purchase Request greater than \$5,000 will be forwarded to the Designated Procurement Staff for processing. All procurement related with training service provider will be the responsibility of the Administrative/Planning Unit. The Fiscal Department will process Purchase Request less than \$5,000. The Accounts Payable (AP) Associate is assigned to act as purchasing agent to collect information and coordinate purchases under \$5,000 with direct supervision of the CFO.

Upon receipt of an approved Purchase Request, the assigned Purchasing Agent (Fiscal or Administration) will review the requisition and determine the necessary action i.e., select a vendor or solicit price quotes as required by the procurement procedures and/or Federal Guidelines.

The Fiscal Department issues a Purchase Order after thorough review to determine the following:

1. Completeness of requisition;
2. Approval has been secured;
3. Accurate and thorough description of item to be purchased;
4. When necessary, are supporting documents and/or quotations attached?
5. Is the item(s) on pre-negotiated contract (s) or blanket orders

The Purchase Order is printed in the Fiscal Department and signed by the CFO. Substitutions, changes in prices and anticipated delivery problems will be reviewed with the Requester and confirmed prior to order placement.

Purchase Order Distribution

Purchase Requisitions, which pass all of these approval steps, will result in the issuance of an approved Purchase Order. New Purchase Orders are distributed as follows:

1. The white copy will be mailed to the vendor
2. The Pink copy is to be used as the Receiving Report. The receiving employee has to sign on this copy and this will be attached with the invoice at the point of payment.
3. The Yellow copy remains with the Fiscal file containing all documents associated with the order.

Purchase Order numbers are called into the approved vendor by the Fiscal Department. In the event the vendor is not available, the Office of Purchasing will fax a hard copy to the vendor. The Office of Purchasing will secure a delivery date from the vendor. The date could change due to

product availability. If timely delivery is not made, the Fiscal Department must be contacted for additional delivery information. The Fiscal Department should be contacted if the condition or timing of the product or services is not satisfactory.

Blanket Purchase Orders

The Administrative Department will issue Blanket Purchase Orders (contracts) for goods for services where it is advantageous from a pricing point of view and where there is a need to eliminate repetitive requisitions. A Blanket Purchase Order is issued to cover merchandise or service requests limited to a specific time period from a particular vendor. The intent of Blanket Purchase Orders is to eliminate small repetitive requests for expendable supplies or services. Its usage will reduce paperwork and expedite individual transactions. Currently, we have printing contracts with Antioch, Office Supplies with Corporate Express, Supportive Services with Wal-Mart, and Life Uniforms. This selection of vendors should follow FEC procurement policy and Federal guidelines.

VI. 323.0 – Authorized Approval Procedures

A. User department prepares “Purchase Request” approval by Division Director/Vice President and forwarded to the Fiscal Department.

The CFO reviews the purchase request and determines the following:

1. Allowable cost
2. Available Funds
3. Determines appropriate procedural process.
4. Necessary approval signatures are checked.

It is then:

1. Forwarded to an AP Associate for processing where the accountant follows procurement procedures and prepares purchase order for approval by the Chief Fiscal Officer.
2. Upon receipt of the same, the user department signs receiving slip and forwards to the Fiscal Department.
3. Designated Inventory/fixed Asset Staff Tags inventory (if necessary), prepares equipment memorandum form for WIOA and update computer database.
4. Invoice(s) is/are routed directly to Accounts Payable Associate.
5. This Accounts Payable Associate re-verifies invoice(s) with the receiving slip and compares price with Purchase Order and re-computes the invoice calculations.
6. The Accounts Payable Associates then prepares payment voucher for payment.

All Purchase Orders shall be submitted to the CFO for approval along with the following documents:

1. Purchase Request, duly approved
2. Three written bids and the basis of award for purchases of \$5,000 and above, but less than \$50,000.
3. Proof of formal advertised competitive bid process and Request for Proposal (RFP) for procurement of any purchase of \$50,000 or more and forward RFP to more than three vendors.

The COO shall approve the purchase order, and the CFO after ensuring compliance of the procurement procedures, signs and forward purchase order to the President/CEO.

VII. 324.0 – Request for Proposals

- A. Distribution of RFP. RFP shall be distributed to vendors on FEC vendor list. RFP shall be advertised. The RFP shall be sent to anyone responding to the advertisement. Additionally, FEC shall also send it to known vendors exceeding three (3) in an attempt to get as many bids as possible. Prospective bidders will be given a minimum of 30 days to respond to any solicitation.
- B. Form Evaluation Committee (for Service Provider Selection/Major Purchase Only). An evaluation committee must be formed with at least three members. The number of members and the makeup of the committee should be such that there is no actual or appearance of impropriety. The CEO shall select committee.
- C. Hold a Pre-Bid Conference. Unless the RFP is extremely straightforward or simple. It is advisable to hold a meeting with the prospective bidders to answer questions and clarify issues. This conference may disclose the need for written amendments to correct or clarify the original RFP.
- D. Receive and Log Bids. Bids received shall be time-stamped, logged and placed under lock until the bid opening. Bids received after the closing time should be returned unopened to the bidder. A receipt will be issued for hand delivered bids.
- E. Open Bids. Bids **must** not be opened prior to the stated closing time and date. The bids should be opened by at least two people and the bids forwarded to the members of the Evaluation Committee. Committee members **must** read all bids before meeting as a group.
- F. Evaluate the Bids. The committee shall schedule a meeting to evaluate the bids with the first item of business to determine if each bid is responsive. Responsive bids are those which conform to the essential elements of the solicitation including procedural requirements (regarding submission of offers) and substantive requirements (regarding technical substance and delivery). Non-Responsive bids may be omitted from further analysis. A written report deeming each bidder either responsive or non-responsive must be prepared with adequate documentation of the reasoning for any bid deemed non-responsive. Second, the responsive proposals should be analyzed in accordance with the evaluation criterion established in the RFP.

Third, the Committee must make the contract award(s) decision based upon their evaluation. The Committee will either make the award, if empowered to do so, or make a recommendation to the program. Fourth, the committee shall prepare a formal report on the award, recommendation for award or lack thereof. Competitive – Formal Advertised Competitive Bid Process does not have a minimum number of proposals required; however, should only one be received or deemed responsive, it is imperative that reasonableness of cost and price analysis be completed.

G. Award. Either the committee as indicated above or the appropriate authority shall issue an award notice to the successful bidder. The appropriate authority may take the committee's recommendation; re-evaluate the bids based on all applicable requirements included in the procurement system guidelines or **reject all bids received if there is an overriding documented factor**.

I. Items Exempt From Competitive Procurement Sole Source Exemption. Exempt procurements must follow requirements outlined in VI A.B.C. and D., 4 Attachment C, the Waiver Request Form is not required to be submitted to DWD for items in this section.

1. The following types of procurement are exempt from the guidelines in V. A, B, C, or D. Selection shall be made from known vendor(s).

- a) Magazine
- b) Books
- c) Periodicals
- d) Newspapers
- e) Direct Advertising space and time, unless there are multiple businesses in the area to provide the same services to the same coverage area needed and same demographics.
- f) Conferences ~ the cost of attending or participating is exempted. The cost of putting together a conference is not exempted.
- g) Training sessions and seminars ~ related to the individuals profession or program
- h) Copyrighted materials such as films, filmstrips, books, pamphlets, videotapes or audio tapes (computer software is not included in this category). Copyrighted materials are defined as those that are available

for purchase only from the publisher owning an exclusive franchise from the publisher.

- i) Updates of computer software that the agency already owns.
- j) Repair services and operational supplies from original manufacturer, if such repairs/parts/services/supplies must be performed or obtained by the original manufacturer or by the manufacturer's authorized service center, because (1) the nature of the repair, service or supplies are available only from the original manufacturer as a result of a lawful patent, or (2) the technical nature of the repair or service can only be performed by the original manufacturer due to a patented design or technical manufacturing process, or (3) repairs of such equipment would violate the terms of, or part of, the equipment warranty or purchase agreement.

- 2. As a member of the state of Missouri Procurement Cooperative, FEC is eligible to buy from State of Missouri/Federal Contractors. Such procurement may be done without any additional procurement practices.
- 3. FEC may contract with Federal government, states and other units of government without bid processes and their agencies or institutions and public bodies without any additional procurement practices. DWD to provide statewide coordinated services; [MOJOBS](#), State of Missouri, Department of Elementary and Secondary Education (DESE) to provide coordinated ITA services.
- 4. FEC may contract with Federal government, states and other units of government without bid processes and their agencies or institutions and public bodies without any additional procurement practices. DWD to provide statewide coordinated services; [MOJOBS](#), State of Missouri, Department of Elementary and Secondary Education (DESE) to provide coordinated ITA services.

J. Reasonableness of Cost and Price Analysis. As outlined in Section IV, every procurement, including contract modifications, whether competitive or noncompetitive, is required to have a written estimate of the cost of the procurement. The estimate must be prepared by the procuring agency staff having knowledge of the type of procurement to be made, and approved by authorized agency staff of sufficient authority for the level of procurement to

be made. The estimate must be made before soliciting bid or receiving bids or proposals.

K. Reasonableness of Cost Determination Reasonableness of cost determination from each procurement transaction, including contract modifications, must be documented in writing prior to award and be based on a cost or price analysis of the offeror. The method and degree of cost or price analysis depends on the facts surrounding the particular procurement and pricing situation and must be documented in writing. A comparison to service providers in other areas could be used as a reasonableness justification. Every agency shall develop a written policy on how they will determine reasonableness of cost. It is acceptable for the policy to include more than one method. The following list of ways to justify reasonableness of cost is provided for informational purposes and is not inclusive of all methods, which could be used to justify the reasonableness of cost.

- i. Comparison of previous local experience.
- ii. Comparison of similar proposals
- iii. Comparison of national and/or state averages
- iv. Analysis of projected budget for a new and unique program.
- v. Comparison to experience by another similar AE.

L. Cost, Which Exceeds the Cost Comparison. A cost, which exceeds the cost comparison, should be evaluated to determine if special conditions exist to justify additional cost (i.e. large hard-to-serve population, extensive geographic area, or additional follow-up requirements). A detailed budget could be used to support the price, however this will require explanation of the need for each item.

1. A price analysis to determine price reasonableness is not necessary when price reasonableness can be established on the basis of a documented catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation.
2. A cost price analysis is required to determine price reasonableness; when the offeror is required to submit the detailed elements of the estimated cost; when adequate price competition is lacking; and for all such bids exceeding \$5,000 that, to the best of their knowledge and belief, the cost data are

accurate, complete and current prior to the contract or bid award. Contracts or modifications negotiated in reliance on such data should provide the awarding agency a right to a price adjustment to exclude any significant sum by which the price was increased because the contractor had submitted data that was not accurate, complete or current as certified.

3. A price analysis shall be used in all other instances to determine the reasonableness of the proposed contract or bid award.

M. WIOA Procurement's Shall Not Permit Excess Program Income. WIOA procurement's shall not permit excess program income (for nonprofit and governmental entities) or excess profit (for private for-profit entities). If profit or program income is included in the price, the awarding agency shall negotiate profit or program income as a separate element of the price for each contract in which there is no price competition, and in all cases where cost analysis is performed. To establish a fair and reasonable profit or program income, consideration shall be given to:

- a. The complexity of the work to be performed;
- b. The risk borne by the contractor,
- c. The contractor's investment;
- d. The amount of sub-contracting;
- e. The quality of the contractor's record of past performance;
- f. Industry profit rates in the surrounding geographical area for similar work and
- g. Market conditions in the surrounding geographical area.

VIII. 324.1 E – Verify SOLICITATION REQUIREMENTS

The Missouri Revised Statutes, Sections 285.525 – 285.550 RSMo, require that all vendors, contractors, and subcontractors paid from state-funded organizations or programs must enroll in the Employment Eligibility Verification Program (E-Verify). In line with this Statute, As a condition for the award of any service contract in excess of five thousand dollars by the Full Employment Council, Inc. to a business entity, shall, by sworn affidavit and provision of documentation, affirm its enrollment and participation in a federal work authorization program with respect to the employees working in connection with the contracted services. Every such business entity shall sign an affidavit affirming that it does not knowingly employ any person who is an

unauthorized alien in connection with the contracted services. Any entity contracting with the Full Employment Council, Inc. shall only be required to provide the affidavits required in this subsection to the FEC on an annual basis. During or immediately after an emergency, the requirements of this subsection that a business entity enroll and participate in a federal work authorization program shall be suspended for fifteen working days. As used in this subsection, “emergency” includes the following natural and manmade disasters: major snow and ice storms, floods, tornadoes, severe weather, earthquakes, hazardous material incidents, nuclear power plant accidents, other radiological hazards, and major mechanical failures of a public utility facility.

X. 325.1 Responsibilities

The Fiscal Department & Administration Department has the following operational responsibilities:

- To purchase quantities of commodities, equipment, and services as requested by the various Operations units, at the lowest price consistent with required quality, from suppliers who will deliver purchased items at the specified time and place.
- To conduct the preliminary negotiations with suppliers, to locate sources of supply, to obtain price quotations through formal procedures, to select vendors, and to place purchase orders (See Attachment A).

XI. 325.2 Payment Terms

FEC policy is to pay vendors net 30 days after an invoice has been received at the Fiscal Department. This assumes proper delivery and functioning of goods and services. If, in the event special terms or prepayment are necessary, the Fiscal Department must be contacted in advance.

SECTION 326
FIXED ASSET POLICY & PROCEDURE

326.0 – FIXED ASSET POLICY

All tangible property purchased or otherwise acquired by the FEC must be recorded in the financial accounting system as a current expenditure or as a capitalized asset, according to a defined guidelines. All capital assets must be adequately controlled, including annual inventories of certain classes of property, to ensure that the FEC's records are correct. Any disposition of capital assets must be made in accordance with FEC procedures or those prescribed by a government or other funding agency.

326.1—PROCEDURES/GUIDELINES

To ensure compliance with government regulations and with accounting standards, FEC must maintain accurate records of physical assets whose value and useful life exceed the capitalization threshold. This policy and related procedures are applicable to all FEC office and subcontractors and sets forth the requirements for accounting the acquisitions, disposals, and use of capital asset and the necessary record keeping process.

326.2 – DEFINITIONS

“Fixed Asset” or “Capital Asset”: An item that is tangible and permanent in nature, has a useful life of at least two years, and is held for purposes other than investment or resale, with a value of \$5,000 or more. It is not a repair part or supply item.

“Capitalize”: To record the cost of property as an asset subject to depreciation over its estimated useful life, rather than as an expense of one period.

“Depreciation”: A method for allocating the cost of buildings and equipment over their useful lives. Generally accepted accounting principles and federal regulations dictate that the value of capital assets must be written off as an expense over the life of the asset as an indirect cost.

“Useful Life”: The period of time over which an asset is useful to the FEC in performing the function for which it was required.

327.0 – Fixed Asset Accounting

1. Capitalization Policy

FEC capitalizes assets that have an original unit cost of \$5,000 or more and has an economic useful life longer than 1 year. The amount capitalized is the purchase price of the asset plus any cost necessary to prepare the asset for use, including shipping and installation. Vendor discounts are deducted but trade-in allowances are not.

Costs incurred after an asset is acquired that materially extend the life or increase the values of the asset are also capitalized. Specific considerations that affect the capitalization policy are listed below:

a. Equipment Unit

An equipment unit is a single item constructed from various materials and assemblies to perform a specific useful function in a separate configuration having suitable size, shape, and usage to make individual identification feasible. Equipment units with an acquisition cost of \$5,000 or more and a useful life of at least 1 year are individually capitalized and inventoried.

b. Equipment System

An Equipment system is several pieces of equipment that are combined to perform a specific function. For inventory purposes, a system is primarily identified as such on the original requisition and purchase documentation. It is generally capitalized as a single asset regardless of the individual component unit cost. As a matter of policy, the Administration Department does not arbitrarily attempt to establish an asset value for a system assembled over a period of time on several orders to various vendors. However, such a system may be capitalized if adequate cost-supporting documentation is provided by a department and if the intended usage and application is consistent with other capitalization policies. Other systems-related equipment acquisitions are determined by the Fiscal department to be either capitalized with the related system, capitalized as a single equipment item, or expensed as a replacement or supply item based on the best information available at the time of the field verification.

c. Subsystem

An equipment subsystem is part of a large system and may consist of several components. For inventory purposes, a subsystem is determined to be a separately identifiable asset if it is purchased as an addition to an existing system or when better asset control would be achieved by separately identifying the asset. In all other cases, a subsystem is considered as a system subject to the FEC's capitalization policy.

2. Accounting for Depreciation

Depreciation of fixed assets must be recorded to determine total expenses, net income and changes in fund equity of proprietary and nonexpendable funds. The amount of accumulated depreciation plus the amount of depreciation expense for the current period must be maintained for reporting purposes system subject to the FEC's capitalization policy.

3. Capital Asset Valuation

For valuation, capital assets fall into five categories, based upon how they were acquired.

A. Purchased Assets

The value of the asset must include the purchase price; shipping, handling, and in-transit insurance; installation costs, including site preparation; value received from a trade-in; and any other direct expenses incurred by the FEC in obtaining the asset.

B. Donated Assets

The value recorded by the FEC for a donated asset is the market value of the asset when it is given. Determination of the market value of the asset may use the appraisal price, and/or information provided by the donor (typically on IRS form 8283). The costs of the transportation and installation paid by the donor should be included when valuing a donated asset.

In some cases, the FEC receives title to an asset that was purchased with government or corporate funds and whose title was held by the funding agency. When title is transferred, the FEC receives a gift-in-kind for the market value of the item on the date it was transferred, not for the original acquisition amount. To facilitate proper stewardship and to meet IRS requirements, all gifts of capital assets must be added to the capital assets inventory system and communicated to Institutional Advancement.

Leased Assets

These are assets purchased under a capital lease, which is defined as an installment payment agreement to acquire capital assets. Leases are considered capital leases if anyone of the following criteria is met:

- Ownership transfers to the lessee (the FEC) at end of lease
- Lease contains a “bargain purchase option” that permits the FEC to acquire the asset at substantially less than its fair market value at the end of the lease period.
- Lease period is at least 75% of its useful life
- Present value of lease payment is at least 90% of fair market value.

(An installment payment agreement that does not meet the criteria of a capital lease is considered an operating lease, and is not subject to capitalization. Rather, the lease cost is expensed over time as it is paid)

Assets acquired under a capital lease must be recorded when the asset is placed in use. Capital leases are valued at the current market value without reflecting any interest cost implicit in the terms of the lease. If the current market value is not known, the use of a percent value calculation based on the monthly payments is used to determine the cost minus imputed interest.

Note: Loaned property that is borrowed by the FEC fro another FEC or from other entity should be afforded adequate protection (including insurance), but should not be recorded as an asset of the FEC.

328.0 – Asset Inventory Records Policy

Which assets need to be inventoried?

The following assets are inventor able assets and must be carried on the property records of Full Employment Council, Inc.:

- All assets meeting the FEC’s capitalization policy i.e. with a value of \$5,000 or more.
- Assets with a unit cost (including ancillary costs) less than \$5,000 identified as controlled” or “critical nature”. These “controlled” or “critical nature” assets would include assets that are sensitive, portable or prone to theft. Examples might be calculators, tape players, and audio-visual equipment Record Players, Radios, Television sets, tape recorders, VCR’s and Video Cameras with a value less than \$5,000.

During the initial fixed asset inventory, controlled assets must be identified and recorded, but, since they will not be reported as fixed assets on the financial statement, original or estimated historical cost figures need not be identified or calculated.

329.0 – Property (Asset) Management

Assets acquired with federal grant funds must be capitalized and controlled in accordance with the federal property management standards outlined in the Office of Management and Budget Super Circular which requires the capitalization of grant funded assets equal to or greater than \$5,000 for. Capitalization limits for federal grant funded assets will conform to the federal guidelines in effect when the assets are acquired.

Super Circular (*Post Award Requirement- Property – Equipment 34-C*)

States that federal grant recipient shall use the equipment in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds and shall not encumber the property without approval of the Federal awarding agency. When no longer needed for the original project or program, the recipient shall use the equipment in connection with its other federally-sponsored activities, in the following order of priority: (i) Activities sponsored by the Federal awarding agency which funded the original project, then (ii) activities sponsored by other Federal awarding agencies.

Full Employment Council, shall maintain Asset inventory systems that include records for all inventorial assets. The Fiscal Department will keep records in Micro MIP Fixed Asset system only assets that meet the state's capitalization policy (Capital Asset with value of \$5,000 or more). However this accounting transactions do not provide all of the information needed to ensure adequate control of the FEC's capital assets, the Administrative unit is responsible for keeping the master schedule of all FEC properties by using the Asset Management System (AMS). This report includes both accountable property (all property that meet FEC Capitalization Criteria and Controllable property (that does not meet capitalization criteria but for which FEC management has obligation to physically control (e.g. camera, vcr's, printers etc.)

Full Employment Council, Inc. capital asset inventory systems should contain, at a minimum, the following data elements, except as noted below:

1. Department with responsibility for the asset
2. Official building location of the asset
3. Room number
4. Funding source and amount,
5. Description of the asset
6. Manufacturer
7. Model number
8. Serial number or other distinctive identifier
9. Acquisition month and year
10. Inventory Tag Number
11. Status of Asset

The FEC Administrative Department is charged with the central responsibility to oversee asset inventories and to update the Asset Management System (AMS).

Although the administrative responsibility for the control and accounting of property rest with the Administrative & Fiscal Office, each FEC department assumes immediate physical responsibility for safeguarding property in its possession and ensures that all property is used in accordance with FEC and other applicable policies. These operating policies and procedures are to be used by the personnel of the Admin/Fiscal, as well as by FEC departments that either use or have custody of property.

The Administration Department maintains the Asset Management and Control System and provides leadership in the accounting for and control of all the FEC's physical assets. The responsibilities of the Administrative Department are to:

- Initiate and control inventory tagging on newly acquired equipment.,
- Coordinate the taking of physical inventories.
- Maintain building, Furniture and equipment inventory records.
- Provide management with property and equipment values for risk management purposes.
- Prepare reports to assist management in planning and budgeting for asset replacement.
- Provide Mangers, with accurate and timely information about equipment under their control.

- Comply with federal inventory requirements specified in the Office of Management and Budget Super Circulars.
- Assist in the preparation and completion of property information records, as required by DWD and other funding Agencies.

329.1 - Adding Capital assets to the inventory

At the time of issuing a check, Fiscal Unit forwards a copy of invoice, payment voucher and check along with Equipment Memorandum to the Administrative Unit.

Upon the acceptance of documentation of an inventory asset, the Administrative unit is responsible for the addition of the asset to the inventory system (AMS). This includes assigning tagging responsibilities to specific individuals as well as developing and implementing procedure sot ensure that the necessary information is entered into the Full Employment Council, Inc.'s capital asset inventory system.

Note: Fiscal will also keep the records for capital asset (accountable assets with value of \$5,000.) in MIP fixed Asset system.

329.2 – Removing Capital Assets from the inventory

Capital assets are to be removed from active inventory based on the completion of a Property Disposal Request and requires the state or the federal approval.

329.3 – Lost or stolen property

When suspected or know losses of fixed assets occur, Administrative Department should conduct a search for the missing property. The search should include transfers to other divisions or agencies, storage, conversion to another asset, etc. If the missing property is not found:

- Have the individual deemed to be primarily responsible for the asset, as well as the individuals, supervisor, complete and sign a Property Disposal Request (Form S.F. 267-A). Include on the Request a description of events surrounding the disappearance of the property, who was notified of the loss, and steps taken to locate the property.
- Notify policy and insurance company any theft and loss.
- Notify DWD or other cognizant agency of any lost or stolen or damaged property as soon as reasonably possible, DWD may require police reports, insurance reports and other similar documentation of loss.
- Remove the lost or stolen property from the Full Employment Council, Inc.'s inventory and accounting records where applicable

Maintain records for losses of inventoriable assets.

329.6 MAINTENANCE REQUEST

Staff needing equipment repaired, setup or moved must complete a work order request (See Attachment 1). Work order request are to be submitted to the designated Administrative Staff for review and approval. The Designated Administrative Staff will determine the priority of the request. The Designated Administrative Staff will either assign FEC'S Maintenance & Repair Technician to the job, notify FEC's Landlord or contact an Outside Repairman to complete the job.

329.7 TELEPHONE REPAIR REQUEST

Telephone system problems should be reported to Network Systems Administrator on a work order form (Attachment 2). The Systems Administrator will review the problem and determine if it can be repaired internally. If problem cannot be handled internally, The System Administrative Staff will contact either FEC's Telephone equipment vendor (CIG) or notify FEC's local telephone service carrier (AT&T). The System Administrator will work along with the Telephone Vendor and the Local Service Carrier to identify and resolve the problem.

SECTION 330

EMPLOYEE RELATED EXPENSES

330 PAYROLL FUNCTION - STAFF

330.1 FEC's payroll is processed by Paycom a payroll servicing company.

330.2 Paycheck. : All payroll payment are done directly to bank account or Debit Card.

However the first pay of a new hire comes in live check. FEC's payroll checks are official bank checks. Paycom's bank, reconciles payroll checks and reports to FEC each quarter, the outstanding payroll check register. . Payroll taxes services are included in the payroll processing agreement, and processed, computed by and paid through Paycom on a timely basis.

Payroll checks are delivered to FEC by Paycom on the day immediately preceding the pay day (one week from pay period ending day). Accountant will verify all paychecks for accuracy. Should any errors occur, a check will be processed to supplement or replace the errored paychecks\ Paychecks are distributed to staff on pay day between 9:00 - 11:00 a.m. Exception will be made if so approved by the Chief Fiscal Officer or designee.

330.3 Paycheck Distribution. Paychecks are sorted and distributed by office and signed for by the manager of each location. Signature sheets are attached to sorted checks and each employee must sign on the signature sheet in person. If an individual, for any special reason, cannot sign for the paycheck in person, a note from such individual with his/her signature authorizing another person to pick up the paycheck must be presented to Finance before this person can sign for the paycheck. If a person authorized by the paycheck receiving individual to sign for the paycheck is not personally known to FEC Finance staff, he/she must present a picture I.D.

330.4 Salary and Hourly Staff (including Contracted Labor) payroll will be processed every two weeks. The pay period ends on Sundays. All benefits must be paid on time to vendors to ensure compliance with regulations and continuation of services

331 TRAVEL

331.1 Local Travel. All local travel expenses will be paid to staff on a reimbursement basis, based on approved Mileage Report. Specific destination, such as organization visited, must be provided. Destinations such as names of suburban townships are not acceptable.

All mileage reports should be approved by the immediate Supervisor and should be submitted on a monthly basis regardless of the dollar amount. Each page of the mileage log must be signed by the supervisor.

All monthly mileage reimbursement requests are due at Fiscal by the tenth of the month for the prior month.

If not submitted by this date, reimbursement will be processed the following month
Requests for mileage longer than two months will not be processed for payment.

Parking fee will be paid on the basis of receipts, except for "coin drop" parking. Parking fee will not be paid where validation of parking is available.

Mileage will be paid on the basis of verified mileage so approved by the Fiscal department or designee. **Mileage Reimbursement** is at the rate of \$.47 per mile for either local or out-of-town travel.

331.2 Out-of-Town Travel. For out-of-town travel, employees scheduled to travel are required to submit a Travel Request form and obtain Officer's and the President's approval. The Travel Request must be approved in advance by the President or his designee before submitting to Fiscal. Travel Advance may be requested on the travel request form.

The approved travel request form must be submitted to Fiscal 5 (five) working days prior to departure date if travel advance is requested. Flight tickets should be booked through designated staff by the Executive Secretary or Admin/Fiscal Secretary.

331.3 All travel expenses charged to federally sponsored projects are governed by the cost principles of OMB Circular. They must meet the standards outlined in 2 CFR Part 200, Subpart E, §200.474. Therefore, charges must pass the following three tests:

- The cost must be **allowable** under both the provisions of OMB circular AND under the terms of a specific award AND
- The cost must be **allocable**; that is, the expense can be associated to a project with a high degree of accuracy AND
- The cost must be **reasonable**, that is, the cost reflects what a "prudent person" would pay in a like circumstance.

331.4 Domestic Air Travel

To comply with federal regulations, All Travel for domestic airfares (excluding Alaska & Hawaii) using federal funds **are required to travel on an economy or coach-class ticket, on US Flag Carriers only.**

331.5 Out-of-town Meals are reimbursed based on the following schedule:

II.PER DIEM RATES AND SCHEDULE

Per Diem Rates

The following Per Diem rates shall be eligible for advance or reimbursement:

Breakfast

In-State: \$11.00

Out-of-State: \$12.00

Lunch

In-State: \$16.50

Out-of-State: \$18.00 inner

In-State: \$27.50

Out-of-State: \$30.00

Per Diem Schedule

Refer to Travel Expenses Policy Number Modification 2 for Per-diem schedule and reconciliation Process and required forms

331.6 The Per Diem will only be paid for overnight travel. The Meals and Incidental Expense Per Diem will not be paid for “day” trips.

331.7 Expense Accounting. Completed and signed travel expense reconciliations must be returned to Finance along with all other expense receipts, i.e. parking, lodging, cab or shuttle bus fare, etc. attached to Accounting for Travel Expense, which is on the back of the Payment/Reimbursement Request (see attached).

331.8 Travel Advances are recorded as advances when check for advance is disbursed. Adjustment of expenditures in the books will be made when report for actual expense (Accounting for Travel Expenses) is received at Finance. Debit 1310 –travel advance; Credit 1010 cash, in the amount of the advance.

If travel advance was issued, report for actual expenses (Accounting for Travel Expenses, located in O Drive- Forms Drive) must be submitted to Finance within ten (10) working days after traveler returned to K.C., otherwise, the amount will be deducted from the next paycheck due to the traveler, to the extent of unsettled travel advance/expense.

331.9 Travel reconciliation process

1. Pull original documentation for travel advance from employee file
2. Copy ‘Travel Request Advance Form’

3. Verify the supporting documentation and calculations on the travel reconciliation
4. Open Travel Voucher file (located on the G: drive)
5. Choose the tab based on the type of reconciliation you are doing. The three types are Payment Voucher (balance due to employee), Cash Disbursement (no Balance due show zero), and A/R Voucher (balance due FEC).
6. When the reconciliation is processed using any of the forms from line #5 above, the following entry is made based upon the type of expenditure.

331.91 BALANCE DUE TO EMPLOYEE:

Create a Payment Voucher:

Fill in the Vendor #: All employee vendor codes are the first (5) five letters of the last name and the first four (4) letters of their first name.

Credit account **1300** for amount of travel advance received by the employee. Debit account code **6835** for the amount of travel expense incurred by employee. If employee is allocated to more than one program use the employee allocation report to figure the percentage charged to each program. Debit account code 1010 for the balance owed the employee.

Attach copy of travel advance and travel reconciliation to Voucher, sign and give to CFO for Signature. Give to Accountant for input.

331.92 BALANCE DUE TO Full Employment Council, Inc.:

Create an A/R Journal Voucher:

Credit account **1310** for amount of travel advance received by the employee. Debit account code **6835** for the amount of travel expense incurred by employee. If employee is allocated to more than one program use the employee allocation report to figure the percentage charged to each program. Debit account code 1215 for the balance owed by the employee.

Print on Pink Paper. Pink Paper is found in the drawer for the billing (3rd drawer) in the vertical filing cabinet.

Attach copy of travel advance and travel reconciliation to Voucher, sign and give to CFO for Signature. Give to Accountant for input.

Create a Journal Voucher:

Credit account **1310** for amount of travel advance received by the employee. Debit account code **6835** for the amount of travel expense incurred by employee. If employee is allocated to more than one program use the employee allocation report to figure the percentage charged to each program.

Print on Blue Paper. Blue Paper is found in the top of filing Cabinet near printer.

Attach copy of travel advance and travel reconciliation to Voucher, sign and give to CFO for Signature. Give to Accountant for input.

331.93 Overpayment - overpayment of any kind made will be deducted from any source available, until fully recouped.

332 PAYMENT/REIMBURSEMENT REQUEST

332.1 Commercial Vendor. Payments to vendors for goods and services are based on invoices received, approved Purchase Request, and if required, the Purchase Order. These should be processed as soon as possible, but definitely before the due date to avoid finance charges, and if a discount is offered for early payment, such advantage should be taken.

332.2 Contractor. Payments to Contractors are based on Requests approved by the Senior Vice President or Vice President of Youth Operations and CFO and must be submitted to Finance by 12:00 noon on Tuesday for checks to be ready on Friday.

332.3 Staff Request. Payment/reimbursement requests (see Appendix for form and instructions) made by staff for goods, services, and other incidental expenses must be submitted to Finance, with Division Vice President's and President's approvals, by noon Tuesday for payment the following Friday.

333 FRINGE BENEFITS - EMPLOYEES

FEC provides the following benefit: Health Insurance, Dental Life insurance Coverage \$10,000.00 maximum per employee, short term/long-term disabilities, worker's compensation Insurance, Cafeteria Plan Section 125 and 403 b. FEC contributes 9.7% of gross salary, begins after six months of employment. 403(b) Plan

334.1 Vacation and Sick: Accrual will be made in the books for accumulated vacation time at the end of the fiscal year using the modified accrual basis (only vacation that can be paid, if the employee quits the last day of the fiscal year, is accrued in line with the Personnel Policy.

334.2 Vacation Fund : The Full Employment Council has established Vacation Liability Fund account; where vacation balance are annually funded from each program administered by FEC .The Vacation account is funded from the respective program with the net balance; that is vacation earned during the year minus vacation taken that was already accounted when paid during the year.

335. GARNISHMENTS

Payroll deduction will be made for any court order directing FEC to garnish the wages of a staff member. The staff member will be informed of such action prior to the effective date of the deduction.

336 PENSION LOANS

All loan requests must be requested in writing to the Human Resources\Benefit Manger. The HR Manger shall make recommendation to the President for approval. The loan request should state the reasons for the loan. Loan will be approved on a case by case basis as deemed fit by the President/CEO.

336.1 Pension Loan Approval Procedures: FEC Pension loan system can be initiated on line. However request for Loan has to be approved by the President/CEO.

336.2 Enrollment

PENSION CONTRIBUTION PROCESS

1. The Human Resources Manager is responsible for the enrollment of new participants into system. Participant information summary that is printed from the online system must be submitted to Fiscal with the new Personnel Transaction form.
2. Benefit Specialist or designated: will prepare worksheet that includes the following (4) four columns:

Social Security Number (Social security number cannot contain dashes) ER Other .Employer Contribution Amount
Elective Deferral .Employee Contribution Amount
Participant Name

336.3 On-Line Payment Procedure

1. Go to principal.com on the internet. Log on as EMPLOYER with your user ID and Password. (User must be approved by the President. HR will forward approved request to Principal for USER ACCOUNT setup. USER will set up their own password.)
2. Select MANAGE PLAN. Then select IMPORT (to import data) or MANUAL (to key data)
3. When you select IMPORT file the system will ask the service file to be imported. Go to BROWSE list. Select worksheet that you saved as a CSV file.
4. Enter "START" and END" row for imported file

5. If you get an error message, fix the error before you continue. (Total will be incorrect if the error line is omitted from the data.
6. Print detail to verify the totals against the original worksheet and forward to CFO for approval before data is submitted.
7. After verifying the report, enter "CONTINUE". Change the payment application to method of payment (FORFITURES or DEBIT)
8. Enter your password and SUBMIT file.
9. **Print the final detail and the summary report for disbursement backup.**
10. Prepare the voucher with appropriate back up for CFO approval.

336.4 Termination

1. The Human Resources Manager will terminate participant from plan, print participant information summary, and attach to Personnel Transaction form with participants last time sheet
2. Contribution for terminated participant will be paid at the time of termination.
3. If vacation time is due at time of termination, the termination date reported to PRINCIPAL must include the days and/or hours of vacation due.
4. A separate time sheet will be submitted to show the time being paid as separation vacation pay.

337 Cell Phone Expense: Cell phones are provided for usage with the FEC Programs. This equipment is the property of FEC and should be used primarily for business purposes. Employees are required to sign Equipment Assignment form when they get their phones; and also Equipment must be returned to the Human Resources/Administration Department either on the last day of employment or when they have completed the specific projects its usage is intended for.

338. EDUCATIONAL ASSISTANCE POLICY

OBJECTIVE:

The objective of the Full Employment Council Educational Assistance policy is to encourage eligible employees to enroll in outside educational course that will help maintain and improve the skills required in the performance of their jobs.

Any employee choosing to pursue Undergraduate or Graduate level (Master's level only) courses must have a Career Development Plan in place, identifying a course of study. The Career Development Plan must be approved by both the appropriate Vice President and the President before the employee can enroll in any course for which he/she expects to receive reimbursement.

FEC will reimburse for only one course per semester.

Approval must also be given by the appropriate Vice President for Seminars, Professional Development Conferences or Short Term Training Sessions.

ELIGIBILITY:

Eligible employees include "Full-time" employees who obtain required approval for Educational Assistance along with an approved Career Development plan prior to enrollment. .

COURSE COMPLETION:

Evidence of completion of approved courses and a passing grade of "C" or better in each Undergraduate course, and a passing grade of "B" or better for each Graduate course must be submitted at the end of each semester or the cost of tuition and supplies will be automatically payroll deducted from the affected employee for reimbursement to the Full Employment Council. If the course grade is indicated by either Pass or Fail, the Pass grade is acceptable for both Undergraduate and Graduate course work.

TERMINATED EMPLOYMENT:

Employees who terminate their employment with the Full Employment Council before class work is complete will have the cost of tuition and supplies automatically deducted from their last paycheck.

REIMBURSABLE COURSES OF STUDY:

All courses must be taken at an Accredited Educational Institution.

Reimbursement will be for the following, up to one course per semester, with an annual maximum of \$3,500 for "Full-time" employees.

- The Cost of tuition for accredited Undergraduate and Graduate level courses, all required courses for a degree program, and Certificate Course which are related to the employee's present position or one which they could reasonably be expected to obtain within the Company.

Other eligible costs include:

- Credit granted for work experience at an accredited college
- Registration Costs
- Placement and Admissions exams
- Certification Exams
- GED
- Required Textbooks
- Required Software
- College Level Examination Program (CLEP tests)

Tuition is pre-paid; however, costs will be automatically payroll deducted if grades are less than a "C" for undergraduate courses and less than a "B" for Graduate courses. Tuition reimbursement will be made according to the following schedule:

- Employees with 1-4 years of continuous service: 50% of Tuition cost.
- Employees with 4 or more years of continuous service: 100% of Tuition cost

Employees are personally responsible for all taxes, if applicable.

APPLICATION PROCEDURES:

To apply for benefits under this program, the employee must submit a proposed Career Development Plan in sufficient time for the application to be reviewed and approved prior to the employee beginning the courses. When the Career Development plan has been approved, the plan is then returned to the employee. If Plan is not approved, the Supervisors should discuss the reason for denial with the employee.

BUDGET LIMITATIONS:

Budget limitations may not allow all eligible staff to pursue these opportunities simultaneously, but FEC will make its best effort to accommodate those employees with an approved Career Development Plan in place.

SECTION 340

PARTICIPANT/TRAINEE PAYMENTS

340 PARTICIPANT WAGES (Internship/Work Experience, i.e.)

340.1 General. All participant time sheets are due at Fiscal by 12:00 p.m., on Monday, for paychecks to be ready on Friday. Other procedures are the same as described in Section 307 above, unless otherwise specified in this section. All late time sheets must be accompanied with a memo of explanation, addressed to the Divisional Vice- President. The memo must be submitted and approved by the CFO in order to be processed.

340.2 Managers submit the white copy of signed time sheet to fiscal, However, Unsigned time sheets must be submitted in duplicate sets (both white and canary copies). Signature must be obtained by Program manger before releasing checks to participants. Managers must return the white copy of signed time sheet to fiscal.

Participant time sheets must be submitted by the Training Consultant to their manager in person and not by interdepartmental mail. The manager must submit timesheets to Fiscal, in person, via the Administrative Assistant. The Administrative Assistant will date stamp “RECEIVED” on each for verification of timely submission. The canary copies will be returned immediately after initialed by Fiscal staff.

Participant time sheets without complete information will not be processed and the manager will be informed. Only original time sheets will be accepted.

If a participant time sheet is submitted for his/her final payment, it must be so indicated on the time sheet.

The Accountant verifies the time sheets before preparation of batch control for data entry.

340.3 Participant List. A list of active participants on database is produced monthly for Training Consultant to review whether any participants should be terminated from the payroll file. The purpose of this action is to utilize the database efficiently.

340.4 Paycheck Distribution. Individual participant receiving paycheck must sign on the signature sheet in person unless it is mailed by Fiscal. When paychecks are mailed by Fiscal the signature line will show the date, indicating that the paycheck was mailed. If an individual for any special reason, cannot sign for the paycheck in person, Manger should return the checks to Fiscal and to be mailed by C.O.B. Tuesday (after Pay date)

Under no circumstances should Training Consultant allow anyone other than the participant payee to sign for the paycheck. The checks not picked up on Friday should be secured in the manager’s desk under lock and key.

The Training Consultant shall return all unclaimed checks and all signature sheets to the manager by 5:00 p.m. on Friday. The manager must submit unclaimed checks and all signature sheets to the Fiscal Department by 4:00 on Tuesday. Unclaimed checks will be mailed out to the participants. Signature sheets are part of the permanent fiscal records.

If the Training Consultant and manager does not comply with this procedure, they shall be personally responsible for all lost checks.

340.5 Participant Payroll Accounting. The Training Consultant should indicate the Department Number in the field marked "Department Number" on the time sheet based on the following table (updates will be distributed to Training Consultant periodically).

| | <i>Clock Number</i> | <i>Department Number</i> | |
|--|---------------------|--------------------------|--------------|
| | | <u>Adult</u> | <u>Youth</u> |
| <u>SDA-3</u> Northland Central City Ray County | M | 31025 | 32025 |
| | M | 31025 | 32025 |
| <u>SDA-12</u> Individual Referral | M | 31025 | 32025 |
| | M | 21051 | 220251 |

341 PAYROLL FUNCTION -

341.1 General. As in the case for staff payroll, participants' payroll is processed every other week. The Fiscal Division is responsible for processing of payroll and monitoring fiscal related requirements. All program related requirements are to be monitored by the Program Development Division.

341.2 Hours worked are entered into PC database and transmitted to payroll processing firm-Paycom for check processing. Access to the payroll system program is limited to Finance Division Staff with passwords based on the level of responsibility, which is determined by the CFO. The entry is based upon the timesheet submission to Fiscal.

341.3 Participant Documentation. This rule is also applicable to all participants. The documents required for establishing a participant payroll file are:

1. Obligation form
2. A signed training plan
3. A MOJobs activity report
4. Federal W-4 form
5. Missouri W-4 form
6. Copy of Birth Certificate
7. Copy of U.S. Social Security Card, or a letter from proper authority providing the SS#.
8. Proof of Eligibility to obtain employment in U.S. (I-9)(I-9 requires copy of Social Security Card

341.4 Participant Payroll Accounting. The six (6) digit Department Number is designated in the following manner:

DEPARTMENT NUMBERS FOR SUMMER WIOA Youth In-School PARTICIPANTS

| | |
|---------|---|
| 00000C | Central Work Experience |
| 0000CC | Central City Classroom |
| 00000I | SDA 12 Independence Work Experience |
| 0000IC | 12 Independence Classroom |
| 00000Y | Clay county Work Experience |
| 0000YC | Clay County Classroom |
| 00000P | Platte County Work Experience |
| 0000PC | Plat County Classroom |
| 00000R | Ray County Work Experience |
| 0000RC | Ray County Classroom |
| 0000SC | South KC Work Experience SDA 3 South KC Work Experience SDA 12 |
| 0000SI | |
| 0000SCC | South KC Classroom SDA 3 |
| 0000SCI | South KC Classroom SDA 12 |

"Clock Number" for SYETP participants is to indicate Counselor's Name

341.5 Participant Timesheets. Each site supervisor should complete the following steps before submitting timesheets to the Monitor/Coordinator in-charge:

- a. Write payroll File Number right underneath the Department Number, on each time sheet, before timesheets are distributed to participants.
- b. Review each and every time sheet submitted by the participants, verify the computation of hours/days on each time sheet with initials.
- c. If any participant switches from one site to another, Monitor/Coordinator(s) involved and payroll processing staff must be informed immediately, and Department Number be updated to avoid misplacement of paycheck(s). If job changes a new b form must be submitted to change workers comp code and work location.
- d. If a time sheet is the last one for any participant, it should be so noted on the time sheet.

- e. Count the number of timesheets and compute the total number of hours/days for all participants at that site, indicate the number of timesheets and total hour/days on Batch Control Sheet.

The manager should review each batch submitted by all site supervisors, initial on each time sheet and batch control sheet before submitting them to Fiscal.

341.6 Participant Payroll Processing. Payroll processing staff when imputing time sheet information, should retrieve participant record by File Number, verify Name, Social Security Number, and Department Number before imputing hour/day data.

If any one participant, for any reason, has more than one time sheet, combine the total number of hours/days in one input. A "PAID" date stamp should be used for each time sheet after data input.

Upon completion of pay data input for each batch, verify batch control hours/days.

After completing all batches, produce an input report (audit report) for review by Accountant other than Payroll Accountant and keep it for permanent file. File the original time sheets in participant file folders, and transfer pay data file to Paycom by 2:00 p.m. Wednesday. Duplicates of time sheets should be kept by batch for verifications described below in Section 341.7

341.7 Payroll Match and Review Process

A copy of this section is to be provided to each accountant and financial aid before the first summer payroll is matched and reviewed to ensure consistency, personal accountability, and fiscal accuracy.

1. After inputting all of the summer payroll information, the payroll accountant will run a report out of Payroll system, listing the employees and their individual hourly rates.

- a. The payroll accountant will scan the report for any hourly rate discrepancies under the FEC Minimum Wage or over an identified maximum and make necessary corrections. FEC will comply with all State and Federal wage regulations.
 - b. The Payroll Report will be forwarded to Program Managers, Manager of fiscal services the Chief Financial Officer who will review the report listing for hourly rate discrepancies under the FEC Minimum Wage or over the identified maximum wage.
 - c. The payroll accountant will make any additional corrections, run the payroll checks, and make one copy of each check.
 - d. Then the payroll accountant will create batches for each location and, when appropriate, specific managers within a location. Each batch will contain: 1 set of batch logs, 1 Payroll listing showing the employees and hourly rates included in the batch; 2 signature sheets, and the time sheets associated with the batch.
 - e. The batches will then be distributed to the other accountants to match time sheets with the appropriate check and check copy and to review specific information for accuracy.
2. In the matching and reviewing process, each accountant will be held accountable for the following:
- a. First, the Payroll listing will be reviewed for any hourly rates under the FEC Minimum Wage or over an identified maximum wage. Regarding any discrepancies, the accountant will circle the participant's name in red ink on both signature sheets and the checks in question, along with the appropriate time sheets, will be given to the payroll accountant. The payroll accountant will research to determine whether further action is needed. If the check needs to be redone, the payroll accountant will write, "hand check" and initial both signature sheets in red ink next to the participant's name.
 - b. Attach the appropriate time sheet to the front of the check copy with the actual check behind the check copy.
 - c. When matching:
 - i. Make sure the name on the time sheet agrees with the name on the check being matched with the time sheet.
 - ii. Make sure the total number of hours worked on the time sheet agrees with the total number of hours on the check.
 - iii. Make sure the hourly rate on the check is not under the FEC Minimum Wage or over the identified maximum.

- iv. Consult the payroll accountant and/or designated staff regarding any discrepancies: name; hours worked; hourly rate, etc. Before giving the check and time sheet to the payroll accountant, circle the participant's name on both signature sheets. The payroll accountant will research. If corrections are needed, the payroll accountant will write "hand check" in red ink next to the participant's name on both signature sheets and cut a new check.
 - v. If a time sheet isn't available for a specific check, set the check aside until the time sheet is found in one of the other batches being reviewed. When the time sheet is found, make sure the matching steps stated above are followed.
 - vi. After matching all of the time sheets with the checks, make sure there is a check for every participant listed on one of the two signature sheets, using red ink to check the names off on the signature sheet.
 - vii. After completing the above, initial the Payroll listing, both signature sheets, and the batch logs. Clip the checks/time sheets and both signature sheets together with the signature sheets on top. Give the payroll accountant the matched batches, the Payroll listing, and the batch logs.
3. The payroll accountant will give the matched batches to the Chief Financial Officer to make sure the batch logs, both signature sheets, and the Payroll listing have been initialed by the accountant performing the matching and review process, to ensure personal accountability.
 4. The payroll accountant will keep a log to ensure the same accountant doesn't review the same batch of checks for consecutive pay periods in order to reduce the magnitude of potential losses.
 5. Upon receipt of the checks and timesheets, the program team will do a similar review of hours worked, hourly rate, and names matched correctly.

341.8 Participant Check Distribution Policy

1. Participants pay period starts on a Monday and ends on a Friday (see attached payroll schedule– exhibit A)
2. Participants cannot work more than 40 hours between Monday and Friday (40 hours for a 7-day period) overtime within a 40-hour work week will not be paid.
3. Participant's timesheets are due no later than the Monday following the end of the pay period.
4. WDE or Designated staff pick up participants time sheets Friday through Monday (not later than 10am).

to the 1740 Paseo office. A drop box is located at each office. Paychecks will not be distributed to anyone who has not provided an original timesheet.

5. If a participant time sheet is not received by Monday, close of business, they will not be paid.
6. Timesheets must be submitted by staff to fiscal no later than the Monday before payday.
7. On payday, fiscal will provide checks and copies of checks to managers for distribution to participants (managers and designated fiscal employees are the only staff who can distribute checks to participants).
8. Checks will be available for pick-up by participants on the scheduled payday between 1:00 p. m. and 6:00 p. m. at all locations, and on Saturday at 1740 Paseo from 9:00 a. m. to 4:00 p. m. , if that is their designated location.
9. In order to pick up a check, participants must present valid picture i. d. the signature sheet and copy of check must be signed. Checks not picked up by Saturday, 5:00 p. m. will be returned to fiscal for mail out only if time sheets have been signed. (the participant is the only one who can pick up a check. If the participant's check is lost, stolen, or incorrect, contact fiscal immediately.)
10. Each office must keep a log/spreadsheet of clients who will be receiving a check. The log/spreadsheet should be reviewed prior to the end of pay period to ensure that all timesheets have been collected. If a timesheet has not been received on a client, contact must be made with the client to ensure that the client is paid.
11. Participants have the option of having their paychecks mailed every payday. Career Development executives will submit a list to fiscal which will include: name, social security number, and address.

341.9 Paycheck Distribution. After delivery of paychecks, payroll processing staff verify the number of checks for each batch, and each check for accuracy against the duplicate time sheets. Paychecks, Signature Sheets, and duplicate time sheets should be distributed to Training Consultants by batch. Signature sheets and all unclaimed checks should be returned to payroll processing staff within three (3) working days after the pay day. Unclaimed checks will be mailed immediately, and Signature Sheet should be noted to that effect. Signature sheet is part of permanent file. Under no circumstance should Training Consultant allow anyone other than the participant payee to sign for the paycheck.

341.10 Participant List is produced and circulated to Training Consultants after files established and updates are produced every two weeks.

342 TRAINING PLAN (Internship/OJT)

All training plans must be submitted to Fiscal along with signatures of the participant and training for approval. All training plans should be submitted within five (5) working days for President's approval.

If the participant does not complete the training, these funds should be deobligated and Fiscal notified. This should occur within five (5) days of termination from training. A copy of the post training plan should be submitted upon completion of training to the Fiscal Department. No funds will be disbursed without this information.

344 SUPPORT SERVICES – ADULT/DISLOCATED WORKERS/YOUTH

Refer to One Stop Policy issuance

345 INCENTIVE PAYMENTS – WIOA Adult, Dislocated Worker, and Youth

Refer to One Stop Policy issuance

345.1 Transition to Placement Payments: All clients who are placed in full-time

Refer to One Stop Policy issuance

345.2 Adult Basic Education and Post-Secondary Education: Clients who obtain a GED and attend an orientation to post-secondary education or advanced training will receive incentive Payment. Refer to One Stop Policy issuance

345.3 Post Employment Support: placed in unsubsidized placement will be eligible to receive the following post-employment support. . **Refer to One Stop Policy issuance**

1.

346 CLASSROOM TRAINING/OJT/INTERNSHIPS/DUAL ENROLLMENTS – ADULT, DISLOCATED WORKER and CAP (Source: Issuance 2004-6 of January 1, 2004)

346.1 Classroom Occupational Skill Training *Refer to One Stop Policy issuance*

346.2 On-the-Job Training (OJT) - . *Refer to One Stop Policy issuance.*

346.3 **Work Experience/Internships** Refer to One Stop Policy issuance.

349 **FISCAL OBLIGATION AND SUPPORTIVE SERVICES CHECKLIST**

ADULT, YOUTH, DISLOCATED WORKERS, and CAP PROGRAMS

I. WORK EXPERIENCE / INTERNSHIP

Documentation –

Obligation/De-obligation Form

I-9 and supporting documents

W-4 (state and federal)

Training Plan

B-form

Time Period – Average 320 hours, No overtime, Max 599 hours over a six-month period

Fiscal Process - Paycom, MIP, and FMS

Supportive Services – available during the first 30 days of employment

INTERNSHIP OBLIGATION CHECKLIST

1. Complete approval slip indicating SDA (3 or 12), Office and signed by Participant, Consultant, Vice President and Chief Financial Officer.
2. W-4 Form (For State and Federal)
3. I-9 Form (With supporting documentation)
4. Training Plan (one) signed by Participant, Employer and Vice President
5. Signed Internship Agreement by Employer and Vice President

6. One B-Form for everyone in group being processed (Payroll information)
 - * Obligations are due in our office five days prior to start date - not payday week.
 - * Deobligation photo copy of original Obligation, write in Red and hall signatures for approval.

INTERNSHIP CHECK LIST FOR PAYMENT

1. Signed time sheet (By Participant and Consultant)
 2. Signed batch control sheet (By Manager)
- * All time sheets should be submitted by close of day Monday of Payday week.

II. ON THE JOB TRAINING

Documentation –

- Actual Cost Reimbursement sheet
- Signed training plan
- (2) Worksite Monitoring Reports
- Completed and signed OJT invoices indicating actual hours worked
- Payroll documentation reflecting gross and net wages.

Time Period – 4 weeks of retention

Fiscal Process - MIP and FMS

Supportive Services – available during the first 30 days of employment

ON THE JOB TRAINING AND STATE WIDE CUSTOMIZED CHECKLIST

1. Memorandum of agreement for OJT
2. Three (3) copies of MOA
3. Completed ETS
4. Completed Employer Profile
5. Certification of Debarment, Suspension and Eligibility.
6. OJT Obligation/Deobligation (Signatures of: Staff, ETC, Manager, Vice President and President) (Must include: Location, Funding Source, Region, Client Name, Social Security Number, Dollar Amount)
 - * Obligation is due in our office five days after the participant's acceptance.
7. Approved Training Plan (Signatures of: Employer, Participant and President)
8. Forward copies of MOA, OJT Obligation/Deobligation, and approved training plan to Fiscal.
9. Payment Reimbursement Request (Signature of: Preparer or Authorized Person must be on Reimbursement Coversheet)

10. Approved Training Plan (Signatures of: Employer and Participant) *After completion of Training
11. OJT Invoices (Signatures of: Employer and Participant)
12. Three (3) monitoring reports (Signatures of ETC and Participant)
13. Employer with Automated Payroll:

Automated Payroll Register- Payroll register produced by an accounting software program (Quicken, Wuick Book or other accounting system). Internally produced as well as externally produced reports are acceptable. Hand written or information typed on Excel or any other word processing program is not acceptable as supporting documentation. This report must show total gross wages, net pay, hourly wages, pay period, and number of hours paid through the training and appropriate retention period (4 or 2 week).

Employer with Manual Payroll:

Copies of check stubs, which verify total gross wages, net pay, hourly wages, pay period, and number of hours paid through the training and appropriate retention period (4 or 2 week).

OR

Copies of cancelled payroll checks (copies of front and back are required unless certified copies are received from bank) and a payroll ledger documenting gross wages, net pay, hourly wages, pay period and number of hours paid through the training and appropriate retention period (4 or 2 week).

14. All documents must be originals with original signatures
15. Checklist must be submitted with payment request stating that all documentation is there for payment and signed off by the Manager and the Vice President.

All reimbursement information should be submitted to the Fiscal Department within (5) days of completion of retention period.

* Payment request is due in our office by 2:00pm Wednesday of the payment week.

III. CLASSROOM TRAINING

Documentation –

Obligation/De-obligation Form

ITA Form

Time Period –Not to exceed 12 months

Fiscal Process - MIP and FMS

CLASSROOM TRAINING CHECKLIST

1. Complete Obligation/Deobligation indicating SDA (3 OR 12), Office, Client Name, Social Security Number, Dollar amount, and signed by Participant, Consultant, Vice President and CFO.
 2. Indicate funding source (WIOA Adult, WIOA DLW or WIOA Youth)
 3. Complete signed DESE 6 (Original Document)
 4. Complete signed Individual Training Account financial aid voucher
 5. Attach program information from MOJobs.
- * Obligation is due in our office 5-7 days prior to class start date.
* Any late obligation must be accompanied by memo for Vice President and President Approval.

IV. NEED BASED PAYMENTS

Documentation – B Form, I-9, and ID
Time Period -
Fiscal Process - Paycom, MIP, and
FMS

V. SUPPORTIVE SERVICES

- Check List :
- Supportive Services Request Form
 - MOJobs Admin Voucher (CAP only)
 - MOJobs Registration/Activity Report
 - Work Order from Vendor
 - W-9 (New Vendor only)
 - Original Invoice at time of check
 - Car Title (car repair vendors) & MISC

SUPPORTIVE SERVICES & APPROVED VENDOR'S

There is an approved vendors list maintained by Fiscal on the manager's drive. The process to add a new vendor to the system is the following:

- W-9 - Counselor gets a completed signed W-9 w/ EIN from vendor
- Verification – Accountant will verify vendors Info (Tax ID, Address, Company Name, Service) by calling.
- Stamp W-9 to document the verification of information.

(Vouchers will be used for all supportive services.)

CLOTHING & TOOLS

We have an account with the vendors below. We issue a voucher. The monthly invoice is received with a copy of the voucher on file. Then payment is made based on the monthly invoice.

- a) Wal-mart Work Related Clothing & Supplies
- b) Life Uniform Uniforms
- c) Uniform Fashion Ave. Uniforms
- d) Red Wing Shoes & Tools
- e) Hertz Contractor Tools

Car Repair

We received an estimate with the supportive services paperwork. A voucher is issued based on the supportive services request and the estimate from the vendor. Upon completion of the car repairs, the vendor will issue an actual invoice and payment will be made based on the invoice and the maximum amount indicated on the voucher. Listed below are Auto Repair Shops that are authorized vendors.

Utilities/Phone bill: We require the actual invoice.

Rent: Lease and letter from the land lord. W-9 with same name as lease agreement.

Child Care: We require an actual invoice and application for childcare. Voucher is issued to the vendor and when we have received an actual invoice from childcare vendor then payment is made.

VIII. GED / HSD WAGES

(E. ABE)

MAXIMUM FUNDS – N/A

Documentation –

Obligation Form

I-9 and supporting documents

W-4 (state and federal)

B Form

Time Period – N/A

Fiscal Process - Paycom, MIP, and

FMS

IX. EMPLOYMENT TRANSITIONAL TO PLACEMENT

Documentation –

Employment Assistance form

Work Verification form (current w/in 30 days)

Time Period – When clients are placed in full-time employment at least 32 hr/wk

Fiscal Process - Paycom, MIP, and FMS

X. GED / HSD INCENTIVE

Documentation – Supportive Service Request and copy of GED certificate

Fiscal Process - Paycom, MIP, and FMS

SECTION 400

CONTRACTOR RELATED PROCEDURES

400 CONTRACTOR RELATED PROCEDURES

401 INQUIRY

The Finance Division of the Full Employment Council, Inc. is responsible for assisting contractors with questions and concerns in regard to the financial aspects of contracts. You may contact the Manager of Fiscal Services or the CFO

402 CONTRACT ADVANCE

402.1 Request for Contract Advance must be in writing and addressed to the Chief Financial Officer, who shall make recommendations as to the amount of advance and recoupment schedule to the President.

Once approved by the President, Finance Division will process the payment following FEC's disbursement procedures.

No advance shall be made unless a copy of the Contractor's bonding insurance is submitted.

402.2 Limitations. Under no circumstances will two (2) advances be issued prior to receipt of first expenditure reimbursement request.

Outstanding advance should never be more than 20% of the total contract amount.

402.3 Recoupment Timing and Amounts will be based on the amounts and schedule recommended by the Chief Financial Officer and approved by the President.

Full amount of advance should be recouped by the time 75% of contract period has elapsed, unless special request is made and approved by the President of FEC.

402.4 Excess Cash

Excess cash balance is not acceptable. If any agency shows recurring problems or maintains excess, FEC reserves the right for repayment of the full advance balance and any interest income that should have been generated at the minimum, at the prevailing prime rate.

403 CONTRACTOR REIMBURSEMENT – ACTUAL COST REIMBURSEMENT CONTRACTS

ACTUAL COST REIMBURSEMENT FORM

404

1) CONTRACTOR - Contractor's name must be provided.

- 2) ADDRESS - Contractor's address.
- 3) PROGRAM TITLE - Training Activity as reflected per your contract.
- 4) DATE - Date submitted.
- 5) CONTRACT NUMBER - FEC's current contract number must be provided.
- 6) CATEGORY: Details each cost currently being presented for reimbursement per your contract line items
- 7) TOTAL (Direct Cost): The total amount requested for payment on this reimbursement form.
- 8) PRIOR YTD: The total amount request for payment, year to date, prior to current request.
- 9) TOTAL YTD: The total amount requested for payment, including this reimbursement.
- 10) BUDGET AMOUNT: The total amount budgeted per the contract agreement.
- 11) BALANCE: The balance of the budget less the YTD total. No request having a negative balance will be processed unless signed copies of a modification are enclosed.
- 12) PREPARED BY: Accountant or Fiscal person who compiled the information, which appears on the ACTUAL COST REIMBURSEMENT.
- 13) AUTHORIZED SIGNATURE - Responsible person as outlined by your contract.
- 14) All actual cost reimbursement forms are due at the FEC on a monthly basis
- 15) All actual cost reimbursement forms must be submitted no later than the 15th day of the month following the submission period

COPIES OF DOCUMENTATION TO SUBSTANTIATE EXPENDITURES CLAIMED SHALL ACCOMPANY ALL ACTUAL COST REIMBURSEMENT REQUESTS.

404.1 FISCAL PROCEDURES FOR REIMBURSEMENT TO SUB-CONTRACTORS

- 1) There must be signed contracts in our file by both parties, the sub-contractor and FEC, before reimbursement payments can be considered.
- 2) The Contractor shall obtain general liability insurance, worker's compensation and fidelity bonding. The contractor shall submit current supporting documents to the Administrator (Full Employment Council, Inc.) prior to obtaining receiving any reimbursement.
- 3) The Contractor shall submit requests for reimbursement on standard forms provided by the Administrator. The contractor understands that reimbursement requests will be honored only when correctly completed and received in accordance with the instructions of the Administrator.
- 4) The Contractor understands that all costs presented for reimbursement must be directly related to the grant for which they are being submitted. The contractor understands that each reimbursement requires supporting documentation consisting of, but not limited to, cancelled checks along with invoices and payroll ledgers for salaries and benefits.
- 5) The Contractor must submit reimbursement for payment on a monthly basis, by the 15th of the following month and payment will be made within ten business days after we receive the payment request; provided that it is in accordance with the contract.
- 6) The Contract reimbursement payment must be in accordance with the line items provided in your contract budget. No payment can exceed any budget line item.
- 7) The Contractor is responsible for reconciling the check remitted for payment against the reimbursement amount requested from FEC and should contact the FEC if any difference arises.
- 8) The Contractor will receive a letter of explanation for disbursements that differ in the requested amount and the paid amount for the contractor's review
- 9) The Contractor is responsible for verifying and updating information related to year-to-date expenditures.
- 10) All modifications to the budget must be submitted in writing to the Administrator within ten (10) days of the proposed change. No cost category originally budgeted may be exceeded. The Contractor may increase or decrease line item costs, within cost categories, without prior approval of the Administrator, one time only, by an amount not greater than five percent (10%) of the line item, for line items other than salary and fringes. Any modifications

to the budget by the Contractor which exceed the five percent (10%) in a line item must have prior written approval by the Administrator's Chief Financial Officer.

- 11) The Contractor shall comply with the procurement requirements for items purchased with funds under their contract. For any purchase of at least with unit cost of \$1000 or more the Contractor must have prior written approval from the Administrator's Chief Financial Officer.
- 12) The Contractor understands that for any purchase of at least \$5,000 or more the contractor shall obtain at least three (3) bids that shall be referenced or attached as documentation to the requisition or purchase order. Information on bids obtained shall include: vendor name, price, date and contact person.
- 13) The Contractor understands that title to all equipment and other personal or real property purchased in whole or in part with funds provided under this Contract or under similar contracts which preceded it shall vest with the Administrator unless otherwise specified by the Administrator.
- 14) The Contractor understands the process for disposition of equipment. If equipment is no longer needed or the project is terminated, whichever comes first, the Contractor shall be responsible for all property purchased with funds from this contract and shall return them to the Administrator upon demand.
- 15) The Contractor understands that any asset with a value of \$5,000.00 or more must be registered with the Fiscal Department of the FEC using an Equipment Memorandum form.
- 16) FEC will come out once a year and monitor the Contractors financial records on site to make sure that they are in compliance with their contract and are following government accepted accounting principles according (GAAP) and Super circular.
- 17) The Contractor shall submit a Closeout Reconciliation Report including all the costs incurred in the discharge of their contract within ten (10) days after the completion of the contract, all in a manner agreed upon with the Administrator, in compliance with state and federal requirements and according to the guidelines of the Administrator. Failure to comply may result in the denial of reimbursement. The Administrator will send closeout packets to your organization.
- 18) All Contractors at the end of their period must submit an Audited Financial Statement by an independent auditor within thirty (30) days of completion to the Fiscal Division of the Administrator.

The Fiscal Division of the Administrator will provide technical assistance to the subcontractors if needed.

The following guidelines apply to all contractor reimbursement processing. The supporting documents as described are required but are not limited to these. Following these guidelines will ensure compliance with government regulations and prompt payment of invoices.

Invoices must categorize each expense under one of the line items specified in the budget for the contract.

Supporting documentation includes, but is not limited to the following:
(*not all expense types listed here will be relevant to all contracts*)

- Salary /Fringe Benefit Reimbursements – copy of appropriate payroll records, copy of timesheets, copy of benefit documentation along with tracking spreadsheet for each employee,
- Supplies– copy of invoice, receipt and proof of payment
- Equipment Purchase– copy of invoice, receipt and proof of payment. This will require an *Equipment Memorandum*. We will also have the equipment tagged with an FEC asset tag.
- Mileage – a mileage log with date, miles, to/from locations, employee name and trip purpose, ***mileage will be reimbursed not to exceed the IRS allowed rate per mile***
- Seminars/Training Sessions/ Tutoring- Attendance records, sign-up sheets, date and time of event or session
- Field trips- Record of attendees. A signature sheet is preferred, date of event as well as the relationship to the grant

All check copies must be signed copies in order to be considered valid. Any costs that re disallowed must be resubmitted no later than 30 days from notification or original submission, whichever is latest, in order to be considered for payment.

FULL EMPLOYMENT COUNCIL, INC.

CONTRACTOR SIGNATORY AUTHORITY FOR RECEIPT OF CHECKS AT THE FEC OFFICE

The Full Employment Council (FEC), Inc. issues checks on the last working day of every week except the week of Thanksgiving. FEC Contractor checks are mailed unless pick up is approved by the CFO or the President of FEC. FEC Contractors may pick up check(s) after 2:00 p.m. on check issuance dates to expedite the transfer of funds. Checks not picked up by 5:00 p.m. on issuance dates are mailed that day.

To facilitate the control and transfer of funds, please provide us with the name(s) and signature(s) of your staff who are authorized to receive the reimbursement checks for your organization. (see sample form)

| | |
|-------------------------------------|------------------|
| _____ | _____ |
| Name of Authorized Personnel | Signature |
| _____ | _____ |
| Name of Authorized Personnel | Signature |
| _____ | _____ |
| Name of Authorized Personnel | Signature |
| _____ | _____ |
| Name of Authorized Personnel | Signature |
| For FEC contract: _____ | |
| Contract number(s) _____ | |
| CONTRACTOR: _____ | |
| _____ | _____ |
| Name of Project Director | Signature |
| Date _____ | |

405 FINANCIAL MANAGEMENT STANDARDS FOR FEC CONTRACTORS

405.1 Accounting and Reporting. The contractor shall maintain a self-balancing, double entry, accounting system which records all assets, liabilities, fund balances, revenues and expenses. The system should establish an acceptable method which will prevent expenditures in excess of total contract amount.

Financial reports shall be obtained directly from the accounting system. Sub-recipient expenditures must be included in the accounting system and their expenditure reports must be on an accrued expense basis rather than a cash disbursement basis.

The contractor shall maintain and implement written policies and procedures that address all functions or processes within their accounting and financial management systems. The policies and procedures shall ensure the consistent treatment of accounting transactions within the accounting or reporting systems.

405.2 Internal Control. FEC contractors should strive to obtain the following control over separation of duties:

1. Input or approval of time and attendance records separated from disbursement of payroll checks;
2. Reconciliation of bank account separated from the preparation or recording of checks;
3. Preparation of checks separated from disbursement of checks;
4. Approval of a contract separated from verification of receipt of merchandise or services;
5. Initiation of purchase order separated from selection of vendors; and
6. Deposit of checks separated from reconciliation of bank statements.

405.3 Allowable/Unallowable Costs. To be allowable, a cost must be necessary and reasonable for proper and efficient administration of the program, be allowable thereto under these principles and, except as provided herein, not be a general expense required to carry out the overall responsibilities of the contractor.

Costs charged to the program shall be consistent with those normally allowed in like circumstances in non-Federally sponsored activities and applicable local laws. Direct cost shall be charged in accordance with 2CFR 200 Definitions and the appropriate Super circular for state and local government institutions of higher education and other nonprofit organizations.

Copy of the Act and Regulations is attached to this manual.

The following costs are not allowable:

1. Cost resulting from violation of, or failure to comply with Federal, State and local laws and regulations;
2. Costs for entertainment;
3. Cost of insurance offering protection against debts established by the Federal or State Governments, the City of Kansas City, Missouri or FEC;
4. Cost of legal expense for the prosecution of claims against the Federal or State Governments, the City of Kansas City, Missouri or FEC;
5. Cost of legal services by the chief legal officer or staff solely for the purpose of discharging general responsibilities as a legal officer.

405.4 Audit. Audits must be independent and in accordance with the OMB Super Circular and applicable auditing standards set forth in the Fiscal and Compliance Element of the Functions issued by the Comptroller General of the United States and any revisions to or super-sessions of this document. The Administrative Entity (FEC) must resolve contractor audits.

CASH MANAGEMENT

406

A. Cash Receipts

Funds advanced/reimbursed to contractors will be deposited in a bank with FDIC coverage.

Cash balances exceeding FDIC coverage will be collaterally secured.

Utilize a check log or other similar instrument to record incoming checks. The check log shall be used during the bank reconciliation to verify cash receipts for accuracy and timeliness.

The first person to receive an incoming check must restrictively endorse it "For Deposit Only".

Safeguards for depositing program income and advances/reimbursements in a timely manner must be established.

B. The Contractor should implement the following:

- a. Checks should be pre-numbered,
- b. Voided checks canceled and retained.
- c. Outstanding checks periodically voided.
- d. Blank checks adequately safeguarded,
- e. Undelivered checks adequately safeguarded,
- f. Mechanical checks signers are adequately safeguarded,
- g. Prohibit checks made payable to cash,
- h. Checks must not be signed in advance.

C. Bank Reconciliation

- a. Reconciliation's made at least monthly,
- b. Statements obtained directly from bank,
- c. Reconciliation's done by an employee not responsible for checking, signing, or handling,
- d. Bank reconciliation procedures provided for:

1. Accounting for check numbers used,

2. Comparing all checks, including voided ones, with a check register to verify date, number, amount and payee;

3. Inspecting signatures and endorsements,
4. Investigating checks outstanding for over six months;
5. Tracing and reviewing banks transfers,
6. Itemizing outstanding checks.

The reconciliation shall be done to the General Ledger cash balance(s) not just checkbook balance.

D. Excess Cash

Contractors should strive to maintain minimum Federal cash on hand at all times. The amount of Federal cash on hand should not exceed cash disbursement needs for more than 3 working days.

406.1 Financial and Administrative Controls. Sub-recipient financial and administrative controls shall be equally stringent as the controls placed on the contractor.

406.2 Bonding. All personnel having access to or control over the receipt or deposit of program funds or the preparation or issuance of checks shall be bonded to provide protection against loss. The bonding requirements per individual are \$50,000 bond for contracts less than \$500,000 and \$100,000 bond for contract of \$500,000 or more. Contracts of \$50,000 or less shall require bonding equal to the amount of the contract.

406.3 Payroll. All the standards for payroll system apply completely to the contractor and all sub-recipients who process a payroll, including staff or participant payroll.

1. Time and Attendance reports must:
 - a. Show allocation by activity, if applicable;
 - b. Be signed by employee and supervisor, and
 - c. Be reviewed for accuracy.
2. Leave Reports must include:
 - a. Signed approved leave slips;
 - b. Accumulated leave records for all leave categories;
3. Internal Controls:
 - a. Separation of duties between preparation of payroll and distribution of checks;
 - b. Separation of distribution of payroll from time keeping and bank reconciliation work;
 - c. Independent observation of payroll distribution;
 - d. Rotation of duties between all payroll functions;

- e. Formalized system of additions, deletions and/or changes to payroll, with approval process;
- f. Payees required to sign upon receipt of check, if not directly mailed;
- g. Cash payrolls prohibited unless specifically approved by the Director, Division of Job Development and Training (Extensive safeguards would be required);

406.4 OJT Reimbursement Documentation

The following documentation is required for employer reimbursement.

- 1. Actual Cost reimbursement form
- 2. OJT Invoice
- 3. Payroll information
 - a. If automated:
Register showing gross wages.
 - b. If manual:
 - 1. Payroll register
 - 2. **Copies of "PAID CANCELLED CHECKS" for the training period**
 - 3. Copies of paid checks for unsubsidized employment
 - 4. **Copies of check stubs which verify total gross wages, hourly wages and number of hours paid**
 - 5. Time sheets for the length of the training period

The Participant's first time sheet indicating the hours worked for the first pay period if the participant's starting date does not coincide with the first day of employer's pay period should be submitted.

407 FISCAL MONITORING OF SUBCONTRACTORS

A. GENERAL

FEC will conduct fiscal monitoring for all subcontractors with a budget greater than or equal to \$50,000. A desk review will be done for subcontractors with budgets that are greater than \$30,000 but less than \$50,000.

Fiscal Monitoring shall be conducted with the Fiscal Monitoring questionnaire.

B. PROCEDURES

1. Review the specific provisions of the contract as they relate to Reimbursement Method and budget.
2. Review the Contractor's reimbursement request file to determine:
 - a. Copies of requests are maintained in reviewable fashion.
- b. Reimbursement requests are prepared and submitted accurately.**
- c. All documentation to substantiate requested amount is maintained with contractor's copy of reimbursement request.**
- d. For actual cost reimbursement contractors, ensure that expenditures are within approved budget.**
- e. Trace reimbursement request to General ledger for reporting accuracy.**
- f. Review trial balances are prepared periodically. Determine if the trial balance is prepared periodically and review them for appropriateness.**
3. Review the accounting system to ascertain if a self-balancing accounting system is being maintained which records all assets, liabilities, revenues, expenditures and fund accounts.
4. Determine if the financial statement reports WIOA funds independent from other funds.
5. Determine if the contractor has written accounting policies and procedures.
6. Examine expenditures to determine if they are allowable under the terms of the contract, WIOA, 2 CFR 200 etc.
7. Determine that all funds received are deposited within twenty four (24) banking hours after receipt, with a bank that is FDIC insured.

8. Examine check disbursement to determine the following:
 - a. All checks are pre-numbered.
 - b. All voided checks are canceled and retained.

- c. **Checks outstanding over 120 days are investigated and voided periodically.**
 - d. Blank checks and undelivered checks are safeguarded.
 - e. "Cash Checks" are PROHIBITED.
 - f. Signing of blank checks is PROHIBITED.

9. Examine bank reconciliation procedure to determine whether it:
 - a. Is done periodically.
 - b. Identifies first and last check numbers used.
 - c. Itemizes outstanding checks.

- d. **Checking account has FDIC coverage and Collateral Security is adequate for cash on hand.**
 10. Examine payroll records to determine whether:
 - a. A payroll journal is maintained.
 - b. Indicates check number of paychecks.
 - c. Payroll checks are traceable to a payroll journal.
 - d. Payroll disbursed can be traced to tax returns.
 - e. Payroll tax returns are filed on time.
 - f. All payroll taxes are current and paid.
 - g. Timesheets are approved by management before processing payroll.

 11. If Contract had advance - ensure it doesn't exceed cash requirements for 5 working days.

 12. Determine that actual cost contractors are submitting actual cost reports monthly.

 13. Review any cost allocation system.

 14. If contractor has any inventory - verify inventory records.

 15. Reviews internal control procedures and ensure adequate segregation of duties.

 16. Determine if program income is established, especially for Fixed Unit price contracts.

 17. Determine that the contract is following the Procurement system guidelines.

18. Determine how applicable grant and non-grant cost are ascertained.
19. Reported, review Bonding Insurance Policy for compliance.
20. Compute excess cash.
21. Determine standing cost are being accounted for and reported as necessary.
22. Since FEC conducts 100% documentation, desk review at the time of payment, fiscal documentation will be limited to, tracing to general ledger and review copies of cancelled check.

C. REPORTING

1. Prepare Fiscal Monitoring Report indicating:
 - a. Problems noted.
 - b. Corrective action recommended.
 - c. Follow-up to corrective action.
 - d. Action taken.
2. Submit the finding of fiscal monitoring detailing noncompliance and corrective actions recommended for approval of the CFO before forwarding to the PRESIDENT for signature.
3. Responses for monitoring reports shall be made by Contractors within two (2) weeks of receipt of reports.

FOLLOW-UP

During follow-up, unsure that all noncompliance issues identified during the monitoring have been rectified.

408 RECORD RETENTION GUIDELINES For WIOA

- A. The federal regulations 2 CFR 200 state:

The Governor shall ensure that procedures are developed for retention of all records pertinent to all grants and agreements, including financial, statistical, property, applicant records, participant records and supporting documentation for a period of three (3) years after the sub-recipient submits to the awarding agency its final expenditure report for that funding period. Records for

non-expendable property shall be retained for a period of three (3) years after final disposition of the property.

The aforementioned records will be retained beyond the three (3) years if any litigation or audit is begun, if a claim is instituted involving the grant or agreement covered by the records or, in some instances, in accordance with Internal Revenue Service record retention guidelines. In these instances, the records will be retained until the litigation, audit or claim has been finally resolved.

In the event of the termination of the relationship with a sub-recipient, the governor or SDA grant recipient or Title III SSG shall be responsible for the maintenance and retention of the records of any sub-recipient unable to retain them.

Since WIOA's audit resolution process is subject to review by the U.S. Department of Labor (DOL) and/or the State Auditor's Office (SAO), any documentation relating to a finding or questioned cost in an audit report must be retained until WIOA's audit has been resolved. The division of Job Development and Training will respond to requests to destroy records on an individual basis prior to WIOA's audit being fully resolved. When WIOA's audit is fully resolved, all contractors will be notified that they may destroy records.

FEC subcontractors or subrecipient are required to meet this minimum of 3 years WIOA threshold. FEC internally maintains record for 7 years. See the one stop policy issuance for FEC record Retention Policy

B. Public Access to Records

1. Access

- a. Public Access. Except as provided in subparagraph 2 of this section, records maintained by contractors or sub-contractors pursuant to Section 165(a) of the Act shall be made available to the public upon request, notwithstanding the provisions of state or local law.
- b. Freedom of Information Act (FOIA). Records maintained by contractors or sub-contractors are not subject to the Freedom of Information Act (5 U.S.C. 552).

2. Exceptions. A record maintained by a contractor or sub-contractor pursuant to Section 165(a) of the Act shall not be made available to the public, notwithstanding the provisions of state or local law, where such record is:

- a. Information, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy; or
- b. A trade secret, or commercial or financial information, obtained from a person, and privileged or confidential.

SECTION 500
GENERAL COST PRINCIPLE AND POLICY

500 STANDARDS FOR SELECTED ITEMS OF COST

A. PURPOSE OF APPLICABILITY

1. Objective. This Attachment provides standards for determining the allowability of selected items of cost.
2. Application. These standards will apply regardless of whether a particular item of cost is treated as direct or indirect cost. Failure to mention a particular item of cost in the standards is not intended to imply that it is either allowable or unallowable. Rather, determination of allowability in each case should be based on the treatment of standards provided for similar or related items of cost. The allowability of the selected items of cost is subject to the general policies and principles stated in Section B of the Guide.

B. COST ALLOWABILITY GUIDELINES

Cost allowability guidelines are stated in 2 CFR 200, Subpart E Basic Considerations.

To be allowable, grantee costs must meet the following criteria:

1. Necessary and Reasonable. Be necessary and reasonable for proper and efficient administration of the grant programs, be allocable thereto under these principles and, except as specifically provided herein, not be a general expense required to carry out the overall responsibilities of the grantee;
2. Authorized or Not Prohibited. Be authorized or not prohibited under federal, state or local laws or regulations;
3. Conform to Limitations or Exclusions. Conform to any limitations or exclusions set forth in these principles or other governing limitations as to types or amounts of cost items;
4. Consistent with Grantee Activity. Be consistent with policies, regulations and procedures that apply uniformly to other activities of the agency of which the grantee is a part;
5. Consistent with Accepted Accounting Principles. Be accorded consistent treatment through application of GAAP appropriate to the circumstances;
6. Conform to Cost Sharing or Matching Requirements. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior-period unless specifically authorized;
7. Net of Credits. Be net of all applicable credits; an
8. Documented. Be adequately documented

C. ALLOWABLE COSTS

1. Accounting. The cost of establishing and maintaining accounting and other information systems required for the management of all WIOA programs is allowable. This includes costs incurred by central service agencies for these purposes.
2. Advertising. Advertising media includes areas such as newspapers, magazines, radio and television programs, direct mail and trade papers. The advertising costs allowable are those which are solely for:
 - a. Recruitment of employers, staff and participants required for all WIOA programs;
 - b. Solicitation of bids for the procurement of goods and services required. (Refer to Financial Manual, Section 18;
 - c. Disposal of scrap or surplus materials acquired in the performance of all the WIOA programs agreement. (Refer to Financial Manual, Section 13;
 - d. Other purposes required in a contractual scope of work; or Service Delivery Area Job Training Plan.
3. Advisory Councils. Costs incurred by state or local advisory councils or committees, including Workforce Investment Board, established pursuant to federal, state or local requirements to carry out all WIOA programs are allowable.
4. Audit Services. The cost of audits necessary for the administration and management of functions related to all WIOA programs is allowable. (Refer to Financial Manual, Auditing Guidelines and Standards)
5. Bonding. Costs of bond premiums covering employees who handle agency funds are allowable. (Refer to financial Manual, Bonding Standards)
6. Budgeting. Costs incurred for the development, preparation, presentation and execution of budgets are allowable.
7. Building Space Costs, Including Rent and Utilities. Building space costs if procured in accordance with WIOA procurement guidelines and allocated based on benefit received to all programs and titles sharing the facilities are allowable.

8. Central Stores. The cost of maintaining and operating a central stores organization for supplies, equipment, and materials used either directly or indirectly for all WIOA programs is allowable.
9. Communications. Communication costs incurred for telephone calls or service internet access, service, postage, messenger service and similar expenses are allowable.
10. Compensation for Personal Services.
 - a. General compensation for personal services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under all WIOA program contract agreements including, but not necessarily limited to, wages, salaries and supplementary compensation and benefits (Section B.12). The costs of such compensation are allowable to the extent that total compensation for individual employees: (1) is reasonable for the services rendered; (2) follows an appointment made in accordance with state or local laws and rules and which meets merit system or other requirements, where applicable; and (3) is determined and supported as provided in (b) below.
 - b. Payroll and Distribution of Time. amounts charged to all WIOA programs from personal services, regardless of whether treated as direct or indirect costs, will be based on documented payrolls provided in accordance with generally accepted practices of the agency. Payrolls must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one program or other cost objective will be supported by appropriate time distribution records. The method used should produce an equitable daily distribution of time and effort.
11. Construction Costs. Construction costs are not allowable, except for funds used to:
 - a. Purchase equipment, materials and supplies for use by participants while on the job and in the training of such participants (e.g., hand tools, work clothes and other low cost items); and
 - b. Cover costs of a training program in a construction occupation, including costs such as instructor's salaries, training tools, books and needs-based payments or other financial assistance to participants.

12. Employee Fringe Benefits. Costs identified under a. and b. below are allowable to the extent that total compensation for employees is reasonable.
 - a. Employee benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as annual leave, sick leave, court leave and military leave, are allowable if they are: (1) provided pursuant to a leave system; and (2) the cost thereof is equitable allocated to all related activities.
 - b. Employee benefits in the form of employer's contribution or expenses for social security, employees' life and health insurance plans, unemployment insurance coverage, workers' compensation insurance, pension plans and severance pay are allowable.
13. Exhibits. Costs of exhibits promoting employment and training activities at conferences or trade shows and relating specifically to all WIOA programs are allowable.
14. Fees and Profits.
(See Financial Manual, Section 19).
15. Fund-Raising Activities. Activities supported by WIOA provided funds related to fund-raising are allowable administrative costs.
16. Legal Expenses. The cost of legal expenses required in the administration of all WIOA programs is allowable, except as provided in Section D. Legal expenses include those incurred by the WIOA system in the establishment and maintenance of a grievance system, including the cost of hearings and appeals and related expenses, such as lawyers' fees.
17. Maintenance and Repair. Costs incurred for necessary maintenance, repair, or upkeep of property, which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable.
18. Materials and supplies. The cost of materials and supplies necessary to carry out all WIOA programs is allowable. Purchases made specifically for all WIOA programs should be charged thereto at their actual prices after deducting all cash discounts, trade discounts, rebates and allowances received by the agency. Withdrawals from general stores or stockrooms should be charged at cost under a recognized method of pricing consistently applied. Incoming transportation charges are a proper part of material cost.

19. Participant Supportive Services. Supportive services, including needs-based payments and, for youth enrolled in Title II-C, cash incentives and bonuses. Needs-based payments shall be determined in accordance with a locally developed formula or procedure.
20. Payments to OJT Employers, Training Institutions and Other Vendors. Defined vendor payments are allowable to the extent that they comply with applicable Department of Labor rules and Regulations and Division of Job Development and Training issuance's, manuals and contracts, and any other federal, state or local laws.
21. Personnel Administration. Costs for the recruitment, examination, certification, classification, training, establishment of pay standards and related activities for all WIOA programs personnel are allowable.
22. Printing and Reproduction. Costs for printing and reproduction services necessary for administration of all WIOA programs are allowable including, but not limited to, forms, reports, manuals and informational literature.
23. Procurement Service. The cost of procuring goods, facilities or services, including solicitation of bids, preparation and award of contracts and all phases of contract administration in providing goods, facilities and services for all WIOA programs, is allowable.
24. Taxes. Taxes, or payments in lieu of taxes, which the agency is legally required to pay, are allowable.
25. Training and Education. The cost of employee development in in-service training which directly or indirectly benefits all WIOA programs, is allowable.
26. Transportation. Costs incurred for freight, cartage, express, postage and other transportation costs relating either to goods purchased, delivered or moved from one location to another, are allowable.
27. Travel. Travel costs incurred by employees who are on official business are allowable for transportation, lodging, subsistence and related items. Costs of travel and incidental expenses incurred by volunteers are allowable, provided such costs are incurred for activities that are generally consistent with Section 204(c)(6) and 264(d)(7) of the Act.
28. Automatic Data Processing. The cost of data processing services for all WIOA programs is allowable. (See Financial Manual #13) - Property Management Standards and #18 - Procurement Standards)
29. Insurance and Indemnification. (Does not include costs prohibited D.5)

- a. Costs of insurance required, or approved and maintained pursuant to the grant agreement, are allowable.
 - b. Costs of other insurance in connection with the general conduct of activities are allowable, subject to the types, extent and cost of coverage secured in accordance with general state or local government policy and sound business practice.
30. Management Studies. The cost of management studies to improve the effectiveness and efficiency of grant management for ongoing programs is allowable and must be allocated to all programs receiving benefits.
31. Professional Services. Costs of professional services rendered by individuals or organizations not a part of the contracting agency are allowable and must be allocated to all programs receiving benefits.

B. COSTS REQUIRING DWD OR FUNDER'S APPROVAL

- 1. Capital expenditures. All capital expenditures such as buying, altering or repairing facilities shall require WIOA approval.
- 2. Self-Insurance Program. (Does not include cost prohibited in D.5)
 - a. Contributions to a reserve for a self-insurance program approved by WIOA are allowable, to the extent that the type and extent of coverage and the rates and premiums would have been allowed had insurance been purchased to cover the risks. KDT programs shall not pay any costs in excess of the amount contributed to the reserve and a reasonable deductible as determined by WIOA.
 - b. Costs for losses which could have been covered by permissible insurance (through an approved self-insurance program or otherwise) are allowable with WIOA approval, to the extent that the total actual loss is less than or equal to the amount which would be allowable with WIOA approval, to the extent that the total actual loss is less than or equal to the amount which would be allowable under C.2. (a.) above.
 - c. Costs incurred because of losses not covered under reasonable deductible insurance as determined by WIOA, minor losses not

covered by insurance such as spoilage of supplies, breakage of any items and disappearance of non-inventorial items (less than \$100.00), are allowable.

d. Costs associated with a reasonable insurance deductible are allowable unless expressly prohibited in contract or grant agreement.

3. Interest Expense. Does not include interest on any installment or capital purchases.

D. UNALLOWABLE COSTS

All contracting agencies shall adhere to the following definition of unallowable costs. The following costs are not allowable:

1. Cost of fines and penalties resulting from violations of, or failure to comply with, federal, state or local laws and regulations;
2. Back pay, unless it represents additional pay for WIOA services performed, for which the individual was underpaid;
3. Entertainment costs;
4. Bad debts expense;
5. Insurance policies offering protection against debts established by the federal government (errors and omissions insurance has been determined to fall into this category);
6. Contributions to a contingency reserve or any similar provision for unforeseen events;
7. Costs prohibited by 2 CFR 200 (Lobbying Restrictions) or costs of any salaries or expenses related to any activity designed to influence legislation or appropriations pending before the Congress of the United States;
8. Costs of activities prohibited in 2 CFR 200, Public Service Employment Prohibition, Non-discrimination and Non-sectarian Activities, Relocation, Displacement, of this part;
9. Legal expense does not include costs resulting from, and after, the grievance process, such as fines and penalties, which are not allowable, and settlement costs, which may or may not be allowable;

10. Legal services furnished by the chief legal officer of a state or local government or staff, solely for the purpose of discharging general responsibilities as a legal office, are unallowable;
11. Legal expenses for the prosecution of claims against the federal government, including appeals to an Administrative Law Judge, are unallowable;
12. Any cost specifically prohibited by contract agreement or WIOA Issuance;
13. The cost of any alcoholic beverages;
14. Construction costs are not allowable, except those for authorized construction costs listed as allowable in Attachment A, Section B;
15. Depreciation and/or use allowances;
16. Interest expense on any installment purchase or capital purchases;
17. Pre-agreement costs are not allowable;
18. Costs of another federal grant, WIOA program or cost category may not be shifted to a WIOA grant, sub-grant, program or cost category to overcome fund deficiencies, avoid restrictions imposed by law or grant agreements or for other reasons; and
19. Foreign travel.

501 COS ALLOCATION

The purpose of this cost allocation is to summarize, in writing, the methods and procedures that Full Employment Council uses to allocate costs of various programs, grants, contracts and agreements.

The Super Circular states, the total cost of an award is the sum of the allowable direct and allocable indirect costs less any applicable credits. Further, costs must be reasonable, necessary and documented.

According to The Super Circular, A cost is allocable to a particular cost objective...in according with the relative benefits received. Direct costs are those that can be identified specifically

with a particular final objective. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.

Only costs that are allowable in accordance with the cost principles and appropriate contract provisions will be allocated to benefiting programs by (Organizations).

PART I: ALLOCATION OF JOINT COSTS

Joint costs are allocated to programs, grants, etc. using a base that is most appropriate to those particular costs. Consideration in determining an appropriate base includes the relative benefits, the materiality of the cost, and the amount of time and cost to perform the allocation. Joint costs will be allocated to the programs and to the indirect pool, which will then be allocated in accordance with Part II of this plan.

The following information summarizes the joint cost procedures that will be used by Full Employment Council

- A. Compensation for Personnel Services – allocated based on time spent on each program/grant
 - 1. Salaries and wages of staff assigned to more than one program are allocated using the time sheets for the pay period.
 - 2. Salaries and wages of staff assigned to only one program are charged directly to that program.
 - 3. Fringe benefits (FICA, DC, and Worker's Comp.) are allocated in the same manner as salaries and wages.
 - 4. Vacation, Holiday, and Sick pay are allocated in the same manner as salaries and wages.
 - 5. Health insurance, Dental insurance and Life & Disabilities are also allocated as above.
- B. Travel Costs – Allocated based on purpose of travel. All travel costs (local and out-of-town) are allocated to the program for which the travel was incurred.
- C. Professional Services Costs – Allocated to the program benefiting from the services. Each time consultants or contractors (including attorneys and auditors) are hired, it will be determined which program are benefiting and cost reasonable method to assign the cost if more than one program received benefits. A memo indicating the programs, method, and showing the actual calculation will be included with the documentation supporting the payment of consultant and contract service invoices.

- D. Office Expense and Supplies (including office supplies and postage) - Allocated based on usage in the following ways:
1. Supplies ordered for a specific program will be allocated to that program. Otherwise they will be allocated to the indirect cost pool (Cost code 1100 or 5555).
 2. Postage will be allocated to the different program using the code from the postage machine.
- E. Facilities and related costs are allocated on the basis of number of staff for each program.
- F. Equipment purchased or leased (over \$1,000) and services agreement – Allocated to the program for which the equipment is used. Equipment will be purchased in accordance with ordering and using the equipment. If more than one program used the equipment, then an allocation of the purchase cost (or leased cost) will be through the indirect cost pool.
- G. Printing (including supplies, maintenance and repair) – Allocated based upon the actual costs for photocopy to the programs as indicated in the printing order. Allocation between grants within a program will be allocated on a percentage of total expenditure.
- H. Insurance – Allocated on the following basis:
1. Vehicle insurance allocated to the program using that vehicle.
 2. General Liability, Dishonesty Bonding, Directors & Officers' coverage is charges through the indirect cost pool.
 3. Work comp Insurance is allocated to the different programs on the bases of participant wages for each program
 4. Insurance needed for particular programs is charged directly to the program requiring the coverage.
- I. Telephone expenses are charged to programs if readily identifiable to programs based on location and staff using the phone. Otherwise they will be allocated through the indirect cost pool.
- J. Space Costs – Allocated based upon usable square footage. Total square footage by program to total leased square footage is calculated. The derived percentage is used to allocate space costs to various programs. Space occupied by administrative staff (4%) is included in total building square footage.

- K. Vehicle Costs – Allocated to the program using the vehicle.
- L. Other Costs (including advertising, special costs, etc.) – Other joint costs will be allocated on a basis determined to be appropriate to the particular costs.

General and Administrative Costs

The underlying methodology for the allocation of general and administrative wage cost is actual time worked as indicated by time sheet.

The following positions may be included in the general and administrative costs:

- Executive Director
- Administrative Assistant
- HR
- Accountant

The employees spend their time in two ways. They spend their time working on specific programs, for such things as meetings with program staff, meetings with funding source representatives, developing and/or reviewing budgets, reviewing and monitoring ongoing operations, preparing and receiving financial and program reports, etc. Second, they may spend time doing work that benefits all agency programs and that cannot be readily identifiable with any specific program. For example, developing overall agency policies and procedures, attending agency operations, audit and other accounting matters, etc.

The procedures to allocate general and administrative costs:

- A. Total actual salary and fringe benefits spent directly for individual programs are charged directly to those programs
- B. Time allocated to “shared” cost center is allocated through the agency indirect cost pool.

PART II: DESCRIPTION OF THE INDIRECT COST POOL

Full Employment Council uses two separate set cost pool one for all programs including within the general ledger to record distribution of shared costs.

- A. Costs to be distributed during the month are charged to appropriate expense categories in the cost pool by the Accountant.
- B. At month end closing, the Accountant reviews the charges to this account. Accountant prints the cost pool statement. The account totals are entered into an Excel Costa allocation program.
- C. A year to date direct cost charged to each program, excluding participant wages and support payments are printed from the GL records. The total direct cost for each program is entered to the Excel cost allocation program by Programs (cost center). Using the direct cost charged to each program a percentage is developed.
- D. Using the percentage the total cost in the cost pool is allocated to each program subject to budget availability.
- E. A general journal entry is prepared by the Excel program and these figures are manually entered as credit to the cost pool and individual programs are charged for the appropriate portion of costs.

502 FEC GUIDELINES FOR EXECUTIVE SALARIES ALLOCATION AND RECONCILIATION

This Cost Allocation Plan is to document the allocation of Salary and Bonus (S&B) cost which is subject to the new limitation on payments that are made from ETA's funds. (Reference Pub. Law 109-234).

- 110-Identify and separate the funds that are impacted by the new regulations (i.e. ETA funds excluding the exempt funds) and other non ETA funds.
- 111-At the end of each quarter identify the actual expenditure of program, grouped by the two groupings: those that are subject to this limitation (ETA funds excluding the exempt funds and Non ETA and ETA exempt funds). Based on these actual expenditures, develop allocation percentage. Use this percentage to come up with allowable amount of Salary and bonus that could be charged to ETA grants.
- 112-Review the allocation of the admin cost pool between the two groups of funding. Using this percentage compute how much of the executive salary was charged to each group of funding.
- 113-Compare the actual allocation with the allowable limit. Any excess will be moved to the private fund.
- 114-Full employment may choose to pay in excess of the allowed amount from private fund

Effective Date

Application of the Limitation will be retroactively done to the date of enactment; June 15, 2006.

Source Document for the Limit

The law sets the limit on Salary and Bonus at a rate equivalent to no more than Executive Level II. Refer to the salary table provided by Federal Office of Personnel Management website (www.opm.gov). Limit will be adjusted annually based on the updated numbers on this website.

**-Exceptions

-Exempt Funds are H-1B, FEMA, Disaster Unemployment Assistance, WIRED and some High Growth Job Training Initiative grants, WIOA incentive grants financed through DESE etc..

-Fringe Benefits: Life Insurance, Retirement Plans, Auto allowance, Health Dental..etc are not subject to this regulations.

502 REPORTS/REPORTING

502.1 **Financial Reports** should be generated from the automated accounting system ten (10) working days following the end of a month, except the annual fiscal reports, which should be generated twenty (20) working days following the end of the fiscal year. The FMS Contract Progress Reports received from the state should be verified including year to date expenditures. See Section 920 for all required reports.

502.2 Contract Progress Reports. All information is verified monthly after printing the from DWD online financial system . Report is compared with the schedule and general ledger. They are verified again prior to returning to DWD

503 TAXES

503.1 **All Payroll-related taxes** are handled by the payroll processing firm - Paycom.

503.2 **Federal tax return 990** is prepared by outside CPA firm reviewed by the Chief Financial Officer, signed by the President and filed by November 15 of each year unless a six mont extension is approved.

503.3 **Sales and Use Tax.** Full Employment Council is exempt from Missouri State, county, and local sales and use tax.

503.4 **Federal Taxes.** Full Employment Council is not exempt from the various Federal taxes.

503.5 **Form 5500** information report will be prepared and submitted to FEC for signature and mailed as follows:

- 1.) Cafeteria Plan, AFLAC
- 2.) 403B Plan, Principle Financial Group

By law, the Form 5500 must be submitted within 7 months after the plan ending year (Both of the above operate on a calendar year so the Form 5500 must be submitted by July 31st).

APPENDIX
Fiscal Related Issuances

