SVWDB Fiscal Policies and Procedures

OVERVIEW

The SHENANDOAH VALLEY WORKFORCE DEVELOPMENT BOARD (SVWDB) maintains a financial management system that ensures, to the maximum extent possible, the security of the WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA), DEPARTMENT OF LABOR (DoL) and other grant funds under its jurisdiction. This system relies heavily on two primary principles to minimize the chances of loss of funds, fraud or theft. They are the requirements of dual signatures on financial documents and separation of the accounting functions. In addition, the SVWDB maintains a Fidelity Bond equaling the approximate fiscal year's budget; currently, this is 4 million dollars. SVWDB has procedures designed to detect and eliminate illegitimate use of WIOA & DoL funds by contractors authorized to implement programs and expend WIOA & DoL funds.

As a publicly funded agency, the SVWDB is charged with adherence to certain fiscal requirements imposed by the Virginia Community College System (VCCS) and the U. S. Department of Labor (DoL). These include:

a) The timely utilization of funds requiring full utilization of funds awarded for any program year during the program year and succeeding program years for which the funds were awarded;

b) Adherence to mandated cost category and programmatic expenditure percentages. These include:

Administrative costs are limited to 10% of the funds available under WIOA & DoL GRANTS.

Reference

One-Stop Comprehensive Financial Management Technical Assistance Guide – Chapter II-2: Financial Management Systems

INTRODUCTION

The requirements for administrative and financial management systems applicable to all nonfederal entities that function as subrecipients or recipients of ETA grant funds are specified in 2 CFR 200.302.

The administrative rules applicable to the use and protection of ETA grant funds are found in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 and the Department of Labor's specific addendums at 2 CFR 2900. In addition to specific rules on property management, payments, reporting, and a number of other grant management topics, both 2 CFR 200 and 2 CFR 2900 lay the framework for grant management through the definition and description of a system that properly accounts for and manages grant funds.

FINANCIAL MANAGEMENT SYSTEM REGULATORY STANDARDS

2 CFR 200.302 establishes a set of standards that must be included in the financial management systems of grantees and subgrantees. Financial Management systems (including records documenting compliance) must be sufficient to prepare required reports and trace funds to an expenditure level adequate to establish that funds were used in compliance with Federal Statutes, Regulations, and Federal award terms and conditions.

Identification of Federal Awards: Financial management systems must be sufficient to identify all federal awards received and expended and the federal programs under which they were received. Identification must include the CFDA title and number, Federal award ID number and year, Name of federal agency and the name of the pass-through agency (if applicable).

Financial Reporting. Accurate, current, and complete disclosure of the financial results of ETA grant activities must be made in accordance with ETA grant reporting requirements and in accordance with requirements at 2 CFR 200.327 – Financial Reporting and 2 CFR 200.328 – Monitoring and reporting program performance. This means that the allowable costs reported to the Federal funding source must be traceable to accounting records.

Accounting Records. All grantees must keep records that adequately identify ETA grant funds. The records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. The records must be maintained in accordance with Generally Accepted Accounting Principles (GAAP). Grantees and subgrantees may use either the cash or the accrual method of accounting; however, expenditures must be reported to the ETA on an accrual basis. If the records are maintained on a cash basis, the grantee or subgrantee must usually maintain a set of linking records, typically accrual spreadsheets, so that the reported costs are traceable during monitoring or auditing to the official accounting records or books of account.

Internal Control: Effective control and accountability must be maintained for all grant and sub-grant cash, real and personal property, and other assets. Internal controls are designed to provide safeguards for Federal funds. For example, payments may not be authorized solely by an employee who also has the authority to sign checks. Internal controls for property often are inherent in the inventory system that tracks purchases and locations or use of property procured with grant funds. Grantees must adequately safeguard all such property and must assure that it is used solely for authorized ETA grant activities, including shared One-Stop activities.

Budget Control. Actual expenditures or outlays must be compared with budgeted amounts for each grant or sub-grant. This is often referred to as a “planned vs. actual” analysis. The results of such analyses are used to preclude overspending and/or to modify contracts and grant agreements. For non-formula grants, the information is also used to ensure compliance with the budget line item flexibility provision specified in the grant terms and conditions. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. This information should be used in developing plans and monitoring.

Source Documentation. Accounting records must be supported by source documentation such as canceled checks, invoices, purchase orders, paid bills, payrolls, time and attendance records, contract and sub-grant award documents, tax records, etc. Source documentation is the proof that costs reported to the granting agency are, in fact, allowable and allocable to the grant. This source documentation must be available for review by awarding agency representatives and auditors and directly relate to the costs claimed on financial reports.

Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees must be followed whenever advance payment procedures are used. When advances are made by Payment Management System (PMS)/electronic transfer of funds (ETF) methods, the grantee must forecast cash needs to ensure that cash is received as close as possible to the time of actual disbursement. Grantees must also monitor the cash received by their subgrantees to minimize cash on hand. In addition, they must ensure that the sub-grantees' cash management procedures conform substantially to the same standards of timing and amount that apply to the awarding entity. A further discussion of the cash management requirements is found in Chapter II-6, Cash

Allowable Costs. Applicable OMB cost principles, ETA grant regulations, and the terms of the grant and subgrant agreements must be followed in determining the reasonableness, allowability, and allocability of costs. Only allowable costs may be charged to an ETA funded grant, and no grant may pay for more than its fair share of the costs (allocability). This means that the grantee must determine what costs incurred by the organization are reasonable and allowable, following the guidelines specified above, and allocate those costs to the proper funding source based on the activity involved.

I. Internal Controls

Staff Assignments

The SVWDB has established internal controls, through the separation of accounting functions among staff, in order to prevent misuse, fraud or abuse of Federal funds. The following staff positions are involved with the receipt and disbursement of funds

CFO

Oversees the Fiscal Department and all fiscal procedures.

Maintains all accounting journals and entries.

Prepares required external and internal reports.

Approves non-grant specific invoices.

Approves purchase orders.

Compares Voucher, Invoice, and supporting documents for proper amounts, dates, coding to proper funding source and approves Vouchers for payment.

Provides Grant Accountant with the correct number of blank checks needed

Compares prepared checks to vouchers and signs checks.

Reviews & approves timesheets and staff travel when CEO is not available, signs Reviews & approves the CEO's travel reimbursements

Confers with CEO for the second signature, presents vouchers with original source documents and checks for signature.

Grant Accountant

Audits invoices for accuracy and completeness including authorization signatures and acknowledges receipt of goods.

Enters original invoice information into GMS which generates a voucher, creating an accounts payable file

Proofs Voucher Document and compares to the original invoice

Provides vouchers and original invoice to CFO for approval

Upon receiving approved vouchers, prepares checks using GMS

Compares voucher to invoices and check.

Provides prepared check, voucher, and invoice to CFO

Prepares voucher for voucher book (stamp paid to source documents, attached payment labels)

Proof vouchers for any missing documentation or signatures

Deposit checks received in the mail.

Opens mail with the CFO directs bills to appropriate staff.

Prepares check envelopes for mailing and completes mailing. Before mailing, the payment voucher is compared to the check amount and payee. A copy of the check register is marked with the date the check is mailed or hand-delivered to the payee and this copy is maintained in order to trace the payment.

Chief Workforce Officer & Program Director

Reviews and authorizes Expenditures for each grant or contract administered by the position

Reviews payment vouchers for proper program expenditures and authorizes payment by signing the voucher.

Approve purchase orders according to policy.

CEO

Approves purchase order according to policy.

Approves staff timesheets, thereby authorizing payroll expenditure.

Approves salary worksheet to be submitted to the outsourced payroll firm.

Compares prepared Voucher Documents to attached original invoices and signs Vouchers authorizing payment as needed –in absence of CFO.

Receives and reviews required internal reports.

With CFO, approves check reconciliation.

Compares prepared checks to vouchers and signs checks

Opens reviews and approves bank statements

Executive Committee - The Board Chair and Secretary/Treasurer have check signatory authority. The Board Chair reviews and approves the CEO's timesheet.

II. ACCOUNTING

The SVWDB maintains an automated accounting system and reporting system. All accounting functions are performed by the SVWDB, except payroll, which is outsourced for security. Currently, Grants Management System (GMS) is used for all accounting functions. Staff must receive training in order to use GMS, either from GMS or knowledgeable SVWDB staff. Detailed guides are available online in GMS help section.

The SVWDB maintains a chart of accounts that segregates costs and activities into discrete accounts sufficient to adequately track the spending of grant funds and tracking applicable activities with an expenditure cap or in accordance with the program's regulations. The chart of accounts segregates program income from other income accounts to ensure it is captured completely and accurately.

The following is a description of the accounting activities, which occur each month.

1. Accounts Payable Function: The Fiscal Department creates account payable vouchers that are entered into the accounting system. Vouchers are created which include invoice authorization and the classification of costs by funding source and line item.

2. Cash Disbursements Journal: The Fiscal Department maintains an automated Disbursements Journal. Entries to the Disbursements Journal include the date, payee, check number, voucher document number, check amount for each check written by the SVWDB. This is an automated function of the accounting system created when checks are written. Disbursements Journal entries are completed for each check writing cycle.

3. Payroll Journal: The Fiscal Department maintains an outsourced Payroll Firm. Payroll Entries are made through General Journal entries. Entries to the General Journal are made during the end of month check writing cycle. Entries to the Timesheet Journal are made from timesheets of each employee for grant division and from Payroll Accounting.

4. Cash Receipts Journal: The Fiscal Department maintains an automated Receipts Journal. Entries to the Receipts Journal are made from the Receipt of Funds Summary. Entries include the date of deposit and amount and are entered by funding source. Total cumulative receipts by funding source and year are calculated and maintained. Entries to the Receipts Journal are made during each receipts and disbursements cycle.

III. FINANCIAL REPORTING

The reporting system is designed to utilize data from the accounting system to complete required state and federal financial reports and to generate necessary management reports for the SVWDB.

Internal financial reports are developed by the Fiscal Department for use in preparing required reports, desk monitoring SVWDB internal and contractor expenditures, and program evaluation as well as reports presented to board membership.

1. *Internal Budget Reports*:
   All SVWDB internal operating expenses are by budget line item. Entries are identified as charged to the Cost Pool or to a specific funding source. Year to Date totals are calculated, subtracted from the budgeted amounts and the balance is presented for each line item. This Statement is prepared monthly as part of the accounting journals and compares budget to expenditures. At least quarterly financial reports, or more often as the board determines, are prepared for the finance committee and presented at each board meeting.

2. *Monthly and Quarterly Expenditure Report:*
   The CFO prepares and proofs required monthly, quarterly and final expenditure reports for submittal to the VCCS and DoL for each funding source. All reports are compared against GMS reports for accuracy. Any SVWDB signatory authority can sign the required reports prior to submittal. An informational copy, of each report, is provided to the CEO.

   a. Monthly reports are required by the VCCS grants. The reports reflect cumulative year to date expenditures. For VCCS a separate report is submitted for each funding source year by title and subtitle. Expenditures versus budget are reported by each cost category. (Details on preparation of VCCS and DoL reports are in a separate document)

      Processing Procedure

      The CFO prepares the report using the information from the automated GMS report and an Excel spreadsheet for all titles. This report is proofed by the fiscal staff for accuracy. The completed report is signed by any SVWDB authorized signatory and submitted to the VCCS within 25 days following the last day of the completed month. An informational copy is submitted to the CEO and a copy is retained by the Fiscal Department.

   b. The 9130 Quarterly Expenditure Report is required by DoL. The reports are submitted electronically. Instructions for the report can be found on the DoL website. A password and pin number are assigned by DoL and required to submit the report.

   The GMS System generates numerous reports. Major financial reports generated on a monthly basis include:

   - Balance Sheet
   - Revenue/Expense by Contractor
   - Revenue/Expense by Cost Category by Contractor
   - Agency-wide Revenue Expense Report
   - Timesheet summary by employee or activity

3. Contract Closeout and Grant Settlement:

The Contract Closeout and Grant Settlement are submitted for all contracts awarded by the SVWDB by all recipients of contracts. The Fiscal Department annually develops and issues a Contract Closeout and Grant Settlement package including required reports necessary to reconcile payments received by the contractor to documented expenses of the contractor. While the requirements of the package may vary to meet SVWDB closeout requirements established by the VCCS, typically the closeout package contains the following elements:

- Instructions for completing the package and submittal requirements;
- A Preliminary Closeout Report;
- A Final Contract Expenditure Report;
- A Contractor's Release Statement (releasing the SVWDB from any future liabilities);
- A Contractor's Assignment of Refunds, Rebates, and Credits Statement;
- A Schedule of Unpaid Liabilities; and
- A final Inventory Report.

Processing Procedure

- The SVWDB receives Grant Closeout requirements from the VCCS for the end of the program year closeout of grants awarded to the SVWDB.
- The CFO develops the Contract Closeout and Grant Settlement package designed to reconcile contract expenditures with payments and to meet all other reporting and information requirements of the SVWDB and the VCCS.
- The CFO issues the package to all contractors to be completed and returned to the SVWDB.
- Preliminary and Final Closeout reports are used to complete SVWDB Grant Closeout reports to the VCCS.
- Preliminary and Final Closeout reports are reviewed, by the CFO, for accuracy and any inconsistencies are reconciled with the Contractor.
- Any refunds due to the SVWDB are submitted with the Final Closeout report; any payments due to the contractor are issued based on the Final Closeout Report.
- Preliminary and Final Closeout reports are maintained on file by the Fiscal Department.

4. SVWDB Grant Closeout Report:

The SVWDB Grant Closeout Report is submitted by the SVWDB to the VCCS, upon request, for all grants awarded by the VCCS. This is only completed for the VCCS when the grant period ends, not annually.

5. Processing Procedure

- The SVWDB receives the Grant Closeout Report requirements from the VCCS.
- The CFO completes and submits the report in accordance with the requirements established by the VCCS.
- Any refunds due to the VCCS are submitted with the final report, and payments due to the SVWDB are made based on the Final report.

- Based on the Final report, unspent grant funds, which are not in excess of an allowable level as determined by VCCS policy, are identified as allowable carryover and added to the subsequent years grant award.
- Unspent grant funds which are in excess of the allowable level may be requested from the VCCS, as a request to waive the requirements of the VCCS policy establishing allowable carryover amounts. If appropriate, a waiver is developed by the SVWDB and submitted to the VCCS with the Final Closeout Report.
- Preliminary and Final Closeout Reports, along with any appropriate documentation, are maintained by the Fiscal Department.

6. Other Grant Closeout Procedures

Other grant funding sources instruct SVWDB on what is required to close out the grant.

IV BUDGET

A. NOTICE OF OBLIGATION (NOO)

Definition and Description

Notice of Obligation (NOO) is the formal notification from the VCCS, or DoL, to the WDB of the amount of funds that have been awarded to that WDB. The NOO delineates the funding Title and Subtitle; the time period of the award; the total amount of funds awarded; the amounts of funds available by cost category; and the percentage and amount of funds required to be spent for particular youth activities if applicable.

An NOO may be modified to reflect changes in the original award.

Federal Programs-Notice of funds available is indicated in the award document.

Processing Procedure

The CFO receives the NOO/award document and files it in chronological order by Title and Subtitle.

The CFO notifies the CEO and/or Grant Director that the NOO/Award document has been received.

The CFO enters the appropriate amounts from the NOO/award document into the budgeting spreadsheets for tracking expenditures against the award.

B. CONTRACTOR BUDGET

Definition and Description

A line-item budget is prepared and included in any contract or agreement with any recipient of funding from the SVWDB. The line items and cost categories identified on the Contractor Budget are submitted with the contract or agreement to the CEO for review and approval.

The Contractor Budget may be modified or amended at any time during the contract or agreement period. Changes in budgeted line items are approved by the CFO and may require written approval or a Contract Modification at the discretion of the CEO. Contractors submit revised budgets for all modifications. Modifications are not effective until approved by the CEO.

Processing Procedure

The Operations Officer maintains a file of all contracts and provides copies to the CFO for review and use.

The Special Grants Director maintains a file of all contracts with sub-recipients and provides copies to the CFO for review and use.

The CFO enters the total amount of the budget by cost category and funding source into the automated fiscal system for tracking budget against availability.

Modifications or amendments to Contractor Budgets are processed in the same manner as above.

The following definitions are to be used in preparation of budget and expenditure reports. This may change annually.

V. Allowable Costs-additional definitions in attachment

Administrative Costs

WIOA Title 1 defines administrative costs at 20 CFR 683.215(b) as the allocable portion of the costs associated with specific functions and not related to the "direct provision of Workforce Development services, including services to participants and employers." The administrative functions are specified to include the following:

- General administrative functions such as accounting, financial and cash management, procurement, purchasing, property management, personnel management, and payroll;
- Audit functions and those duties associated with coordinating the resolution of findings originating from audits, monitoring, incident reports, or other investigations;
- General legal services;
- Oversight and monitoring of administrative functions;
- Goods and services used for administrative functions;
- Travel cost incurred for official business in carrying out administrative functions;
- Developing systems, including information systems, related to administrative functions;
- The costs of awards made to sub-recipient or vendor organizations for administrative services of the awarding agency (for example, a payroll service for the staff or participants);
- Fiscal agent administrative costs.

The intent of these regulations is quite clear. Only those costs directly associated with the administrative management of the programs will be considered as being classified to the WIOA administrative cost category. Planning is not considered an administrative cost, nor are the costs of performance tracking. Many cost objectives that would traditionally be considered administrative in nature are exempted from classification to the WIOA administrative cost category. The regulations further specify that the costs of information systems related to participant and performance information are to be charged to the program cost category.

Administrative costs are entered using the above definition. If costs are prorated between cost categories, an equitable method of prorating such as timesheets, square footage, etc., must be used.

VI. POLICIES

The SVWDB has adopted specific policies addressing fiscal related activities. The following policy statements should be considered as a part of related fiscal operating procedures.

A. Audit: The SVWDB shall, at a minimum, meet the requirement of 2 CFR 200.500 annually.

B. Administrative Cost Pool and Planning Pool

The SVWDB will utilize the principles of an administrative and/or program cost pool for distributing SVWDB internal administrative/program costs to appropriate WIOA and other funding sources. Certain administrative and program activities can be identified to a specific WIOA or other funding source and may be charged directly to that source as opposed to distribution through the cost pool methodology.

C. Bank Accounts

The SVWDB will establish an interest-bearing checking account that will be used solely for the receipt and disbursal of WIOA/DoL and other grant funds. Only those individuals designated, in the bank contract, will have the authority to withdraw funds and or write checks against that account.

The bank selected shall provide the maximum coverage available through FDIC for account balances.

D. Cost Allocation Plan-See Approved indirect cost negotiated with DoL for details

A plan will be developed on an annual basis for identifying and allocating internal SVWDB operating costs to WIOA cost categories or other funding sources. Any cost allocation plan developed by the SVWDB will at a minimum contain the nature and extent of services provided and their relevance to the cost objective; the items of expense to be included and the methods used in distributing the cost.

All invoices and timesheets are broken down by funding source whenever possible.

General costs that cannot be assigned to a direct grant are pooled in an “indirect cost pool” which is broken out by GMS cost allocation process.

Timesheets are summarized on a year to date basis in the GMS accounting system. Indirect charges on the timesheet are allocated into funding streams by percentage of each directly charged funding stream.

Indirect invoice charges are allocated to each funding stream by this same percentage automatically by GMS.

The allocated charges are keyed into GMS by classes, which are what the SVWDB uses to identify funding streams.

The Timesheet Summary Report records the amount of time each of the SVWDB staff spends performing each SVWDB function. The various functions may include but are not limited to:

Indirect Cost Pool
WIOA Administrative Cost Pool
Adult, Dislocated & Youth Planning
Other projects as received.

The Timesheet Summary Report calculates the amount and percent of staff time spent on each of the functions in order to determine the amount of staff costs to allocate to each function.

E. Contractor Liability

Any contractor or recipient of funds from the SVWDB shall be held liable for any disallowed cost incurred. Such recipient shall immediately reimburse the SVWDB for any cost disallowed by the SVWDB CEO. The SVWDB CEO shall notify the recipient in writing of the nature, amount of the disallowed cost, and submit a copy of the notice to the SVWDB CEO.

In the event of a dispute resulting in an appeal, the recipient shall, within 15 days from the date of receipt of the CEO's decision disallowing the cost, place in escrow with the SVWDB an amount equal to the amount of the questioned cost pending a final decision. (Cross-reference with revised general provisions)

Income produced by any program must be either returned to the SVWDB or used in the continuance of that contract. Records must be maintained to support the income and expenditure of the income.

Each contract contains detailed cost categories and abides by the line item definitions as defined in WIOA and SVWDB policies.

F. Contractor Expenditure Report Documentation

All Contractor Expenditure Reports submitted to the SVWDB shall be signed by the authorized representative of the contractor verifying the accuracy and completeness of the report.

G. Signature Authorization

The SVWDB maintains a policy of limited and separate signature authorization on primary documents used to generate expenditure of funds. Three staff positions have been identified as authorized signatories on checks and voucher approval; the CEO, Operations Officer, and the CFO. Secondly, there are four primary documents used to authorize the expenditure of funds: purchase orders, the source document or invoice requesting payment, the Voucher Document, and the check issued for payment.

The SVWDB policy requires separate signatures on each of the three primary documents and dual signatures on each check issued for payment. Therefore, the completion of an expenditure transaction requires the approval of no less than two separate staff. In addition, generally, one additional staff member will have reviewed and approved each source document submitted for payment. If two of the three staff positions that are authorized signatories on checks are not present, the second check signatory will be the Board Chair or Secretary/Treasurer (Finance Committee Chair).

H. Purchasing

The CFO, CEO, or Grant Project Director can authorize purchases by the SVWDB through their signature on a purchase order. All procurement will be in accordance with requirements established by OMB Uniform Guidance, the Department of Labor and the VCCS. The local jurisdiction, grant recipient, may have additional policies that will be followed. Procurement Policy attached.

I. Retention of Records: Policy attached

All records must be maintained for at least 3 years after the audit is performed or longer if required by a specific grant. Tax records are maintained as required and records dealing with equipment purchase and inventory are maintained in accordance with those policies established by VCCS or DoL. Sub-contractors are notified of requirements in general provisions, contracts and also during closeout process.

J. Bank Statement Reconciliation

See Bank Statement Reconciliation Procedure (Attached).

K. Costs of Compensation

Section 2 CFR § 200.430 states that the costs of compensation are allowable to the extent that they are reasonable for the services rendered, that they conform to the entity's written policy that is established for both Federal & Non-Federal Activities, and they follow the standards for documentation outlined within the section.

REASONABLENESS: The SVWDB's Chief Executive Officer (CEO) & Chief Financial Officer (CFO) conduct an informal evaluation of the positions within the organization based upon the employee profile for each position which includes that employee's annual evaluation, employee salary history, position profile, along with the benefits offered and costs of those benefits; the employee profile is compared to salary and employment data to determine an appropriate salary range for each positon. These ranges are compared to the compensation for each employee and position profile to ensure that employees are neither underpaid nor overpaid for their job functions in comparison to the market. Any adjustments to an employee's salary must be approved by the CEO in writing and is maintained in the employee's permanent employee file.

The Executive Committee determines the CEO's salary; subsequent to the aforementioned annual position evaluation, the CEO and CFO present the adjusted salary range to the Chair of the Executive Committee along with the supporting documentation, if the Chair feels that a salary increase is warranted then the Executive Committee reviews the survey documentation during a closed special meeting of the Committee and if approved the amount of the increase is determined and communicated in writing to the CEO & CFO.

VI. CASH MANAGEMENT

REVENUE & RECEIPTS

Cash Receipts and Requests for Funds

The Cash Payment Schedule sometimes referred to as the "drawdown form", is used to request funds from the VCCS. Based on the Expenditure Forecast Worksheet, the SVWDB completes the Cash Payment Schedule to reflect the amounts of funds from each funding source needed to meet the subsequent month's expenses. The CFO prepares a Cash Payment Schedule for submission to the VCCS in accordance with required submittal dates established by the VCCS. The amounts and dates established on the Cash Payment Schedule are developed to coincide with receipt of sufficient funds to pay expenses for each of the two check writing cycles. Other grants may have different payment and funding receipt cycles. The following is a description of this cycle and the activities, which occur each month.

Processing Procedure

- Federal grant funds are requested through the DoL payment management system. After accounts payables have been posted, reports are generated to determine the cash needs of each federal grant. Estimations are also made of cash needs for the next cycle.
- VCCS GRANTS:
  a. The Cash Request Expenditure Forecast Worksheet is completed by the CFO and provides the data necessary to prepare the Cash Payment Schedule. All anticipated expenses are forecasted for each week of the month for which payment will be requested by the Cash Payment Schedule. The Worksheet identifies forecasted expenses for SVWDB operating expenses, for each contractor and for SVWDB program operations.
  b. The CFO forecasts each expense for each week of the month for which the Cash Payment Schedule will be submitted. Expenses are forecasted based on historical information, the amount of any advance payment requests and estimates of expenses provided by contractors.
  c. The CFO completes the Weekly Expenditure Forecast Worksheet to establish the amount, source and cost categories of the funds to be requested on the Cash Payment Schedule.
  d. The CFO completes the funds requested portion of the Schedule. A separate schedule is prepared for each funding source.
  e. The Schedule is signed by any one of the three authorized signatories, for the SVWDB, and is scanned to the VCCS with the requirement of maintaining report and backup for review. The Schedule is maintained on file and used to compare to the actual amount of funds received.
  f. The VCCS electronically deposits funds to SVWDB's bank account according to the desired date on the Cash Payment Schedule. Funds are normally received the day before the date disbursements are to be distributed. Due to holiday or vacation of VCCS staff, this deposit may be at an earlier or later date.
  g. The CFO compares the electronic deposit to the Cash Payment Schedule drawdown request amount. The Grant Accountant prepares a Receipt of Funds Summary for entry in the GMS Cash Receipts Journal.
  h. The Grant Accountant uses the electronic deposit sheet to update the Receipts Journal and compare the check amount to the funds needed per the Cash Payment Schedule. The Grant Accountant updates the Receipts Journal maintains the Cash Receipts Journal and prepares cash receipts entry in the GMS automated system.

- DoL GRANTS:
  a. Funds are available within 24 hrs. of the request being submitted by the Payment Management System maintained by the federal government. After invoices are processed, reports are generated for each grant and funds are requested for the date of check issuance.
  b. The “drawdown” is then electronically requested for these needed funds.
  c. Entries to the Receipts Journal are made from the source document. Entries include the date of deposit and amount and are entered by funding source. Total cumulative receipts by funding source and year are calculated and maintained. Total disbursements are entered and subtracted from total receipts to determine cash on hand. Entries to the Receipts Journal are made during each receipts and disbursements cycle.
  d. The Grant Accountant uses the Cash Receipts Log during the bank statement reconciliation process to compare and verify the information on the Receipts Log to the record of deposits on the bank statement.
  e. The CFO reviews the deposit of all receipts, both electronic fund transfers, and physical checks, during Bank Reconciliation Process.

- Other Receipts:
  a. Funding checks received through the mail are opened contemporaneously by the Grant Accountant and the CFO and stamped "For Deposit Only”. These checks are logged into a manual Cash Receipt Log and the CFO or Grant Accountant deposits the check.
  b. The Cash Receipts Log is a record of all funding checks received by the SVWDB. The initial entry in the log is made by those persons who received the payment, copied the check & prepared the deposit ticket; once the check has been deposited two people verify the deposit date, amount, and compare the log prior to initialing.

Excess Cash on Hand

Excess cash on hand is based on the cash balance following the completion of each disbursements cycle. The cash balance is based on receipts minus disbursements. During the mid-month disbursements cycle, accruals to be paid by the end of the month are subtracted from the cash on hand amount. If an excessive amount of cash is on hand at the end of the disbursements cycle, it is not returned as the VCCS indicates that the refund process would be too confusing.

VII. Expenses and Disbursement & Accounts Payable

The cost allocation plan is followed so accounts payable disbursements, including timesheets, are broken down by funding source whenever possible. Manual allocated charges are keyed into GMS by projects, which are what the SVWDB uses to identify funding streams. General Costs that cannot be assigned to a direct grant are pooled in an “indirect cost pool” which is broken out by the GMS cost allocation process. Indirect charges are allocated into funding streams by percentage of each directly charged funding stream automatically by GMS. A WIOA administrative pool is charged with administrative charges that cover the four funding streams of WDB. Other grant-specific administrative charges are charged to that grant directly.

Monthly Accounts Payable/Disbursements:

The SVWDB issues checks for payment of expenditures on the 15th and the last working day of each month. All monthly drawdown and payment procedures are dictated by these dates as well as the requirement to maintain a zero cash balance.

Contractor Expenditures Reports

Contractors may receive payment of expenditures on a monthly or twice-monthly basis. Contractors may submit by the 10th for payment on the 15th or submit by the 20th for payment on the last day of the month. These dates are estimates and may be changed by funding or board staffing during vacations and holidays. The Contractor Expenditure Report is a line item report of expenditures prepared and submitted by all contractors or subrecipients funded by the SVWDB. The report serves as an invoice to the SVWDB from Cost Reimbursement. The report includes entries for cash disbursements for the month; cash disbursements year to date; accrued expenditures not disbursed; year to date expenses (accrued plus actual disbursements); contractor budget and balance. Entries to the report are made by line item by cost category. Contractors must submit a separate report for each title of funds.

Processing Procedure

The Operations Officer/CFO or other staff, as designated by the CEO, receives and reviews the report and accompanying documentation and signs each Expenditure Report.

The Grant Accountant enters the report into the automated GMS system. Payment can be made from faxed or scanned copies.

The Fiscal Department holds the Report for processing during the subsequent disbursements and accounting cycle.

The Fiscal Department processes the Report for payment in accordance with the following procedures:

A Voucher Document is prepared, with the Report attached, and submitted to the CFO, Operations Officer or CEO for review and signature;

The signed Voucher Document is returned to the Fiscal Dept.;

The Fiscal Department makes entries to the Accounts Payable Batch;

The Fiscal Department completes the cycle in the GMS System, preparing the checks;

The prepared check and accompanying documents are returned to the CFO for review and signature;

The Fiscal Department submits the check, with the voucher document attached, to the CEO, Operations Officer, or other designated SVWDB Board members for signature;

The check is distributed to the Contractor either personally or by mail;

The Fiscal Department stamps the Invoice "Paid"; enters the date of payment and files the Report in the Voucher/Source Document file.

SVWDB Operating Expenditures

The SVWDB operates from an approved annual line-item budget. The entity-wide budget is developed by the CFO, CEO, and Finance Committee of the Board and approved by the entire Board prior to the beginning of each Fiscal Year. The line-item budget identifies the projected expenses for all internal operational costs of the SVWDB and its staff as well as all program funding and contractor allocations.

All other invoices associated with daily operating expenses of the SVWDB are received and verified by the process described above and are included in the check-writing cycle nearest to the bills due date. SVWDB staff payroll is processed twice a month for hourly and part-time employees and monthly for salaried employees.

Generally, payment of SVWDB operating expenses is generated by receipt of a bill or invoice. Exceptions are fixed costs, where monthly payments are established by leases or contracts, and payroll expenses. Expenses are paid during the disbursements/accounting cycle that most closely proceeds the date the bill or invoice is due.

Voucher Documentation

The Voucher Document is the document used to authorize payment of expenses. Voucher Documents are sequentially numbered and identify the name of the payee; the reason for payment; the signature and date of the payment authorizer; and the signature, date and check number verifying that payment was made.

All checks written by the SVWDB have a supporting Voucher Document with the exception of SVWDB payroll checks. All Voucher Documents have the source document or invoice for payment attached as well as a purchase order if required. Payroll checks are written by an outsourced firm and do not require staff signature. The authorizing of payroll is prepared by the CFO, submitted monthly to the outsourced firm, and signed by the CEO or in his /her absence, the Operations Officer. Voucher Documents must be presented before the checks are prepared.

Processing Procedure

- All purchases are approved by someone other than the requestor. Purchases are approved by the CFO, the Operations Officer, Project Director or the CEO prior to payment. All contracts and MOUs are approved by the CEO and the Board (where applicable).
- All original invoices are delivered to the Grant Accountant for entry into the accounting system; all terms, dates, approvals, and amounts are reviewed prior to entry and payments are processed on the 15th and the last day of the month.
- All invoices and their corresponding payment vouchers are delivered to the CFO for review subsequent to entry. The CFO reviews all invoices for appropriate coding, proper approvals, reasonable amounts and dates, and proper allocation (where appropriate). All payment vouchers are delivered back to the Grant Accountant for printing of checks.
- Checks are kept in a locked fireproof file cabinet only accessible to the CFO; for check printing a batch of checks is signed out by the Grant Accountant and beginning and ending check numbers are verified with GMS for accuracy. All unused checks are returned to the file cabinet immediately after printing. All printed checks are reviewed and signed by the CFO in conjunction with the already approved payment voucher to ensure all dates, amounts and payees match.
- Checks are then delivered with the approved voucher and the supporting documentation to the CEO or Operations Officer in their absence. The CEO reviews the checks written and supporting documentation for reasonableness, validity, appropriate payees and dates and funding streams prior to check signing.

- Checks that are signed are then delivered to the Grant Accountant, the Grant Accountant reviews the completed/approved voucher packages to ensure all signatures/approvals are obtained and subsequently mails the checks.
- Checks made out to "Cash" are prohibited. Blank checks are never signed. Checks also have a void date of 90 days from the date of issuance. Any undeliverable checks will be kept on file until the program year ends and will then voided out. Voided checks are marked as such and filed for check reconcilement purposes.
- Authorized check signers are the Board Chair, Board Secretary/Treasurer, CEO, CFO & Operations Officer.

Controls to prevent duplicative payment to vendors:

All invoices received via US Mail are opened contemporaneously by the Grant Accountant and the CFO, invoices received electronically are submitted to a separate email that is accessible by both employees as well as the Operations Officer.

All invoice numbers are entered into the accounting system as invoices are received for payment, the accounting system detects duplicate invoice numbers and an edit check must be performed prior to GMS accepting the entry.

Reoccurring invoices are tracked by the Grant Accountant and the CFO to ensure payment is made during the appropriate cycle, if an invoice was presented for payment outside of the normal payment cycle it would be flagged for follow-up to ensure duplicate payment is not made.

Budget to actual reports are run for each program subsequent to entry but prior to payment of invoices, any variances caused by duplicate payments would most likely be noted and follow up would occur.

Accruals:

GMS tracks payables as entered into the accounting system, batches are input based upon the fiscal month they relate to; once payment is made the payable is relieved. Receivables are input into GMS and separately tracked in a separate subsidiary ledger outside of the accounting system, receivables are relieved once payment is received and accruals are relieved within the accounting system upon payment.

Year-end accruals are determined based upon examining invoices as received, those crossing fiscal years or relating to a preceding or subsequent year are accrued to the correct fiscal year as appropriate.

Payroll:

Salaried SVWDB staff are paid once a month on the last working day of the month, hourly SVWDB staff are paid bi-monthly (hours for the 1st-15th days of the month are paid on the last day of the month & hours for the 16th- last day of the month are paid on the 15th day of the subsequent month, or the preceding Friday if the 15th falls on a weekend). The staff payroll is based on the Employee Profile, which is maintained by the CFO for each staff member. The Employee Profile identifies the staff member's pay rates. Salaries for the fiscal year (July-June) are established by the SVWDB CEO. Withholding taxes and any other deductions are maintained in the employee file; the outsourced payroll provider calculates taxes and withholdings based on current rates and any applicable employee elections.

The CFO prepares a summary table detailing each employee's monthly wages to be paid which is reviewed and approved by the CEO or Operations Officer and turned into the outsourced payroll provider, Bookkeeping and Management Systems of Waynesboro, VA. Payment is made to all employees via an ACH transaction that is automatically deducted from the bank account. The outsourced payroll provider provides SVWDB with payroll reports which are reviewed by the CFO, entered into GMS and subsequently reviewed by the CEO in conjunction with payroll reports as printed out from GMS. All payroll reports provided by the payroll provider are available via an online module that both the CEO & CFO have access to.

Timesheets

All SVWDB staff maintains and submits monthly timesheets. Staff Timesheet records daily hours by activity performed or by leave status. Activity or leave is recorded to the nearest half or whole hour. The Staff Timesheet is used to report and maintain a record of leave taken by staff and to report and record hours spent performing the various functions of the SVWDB.

Processing Procedure

- Timesheets are maintained daily by staff in order to properly classify work into correct funding streams. All staff has been trained in appropriate charges of administrative and program activity.
- Timesheets are summarized on a year to date basis in the GMS accounting system. Indirect charges in the timesheet are allocated into funding streams by percentage of each directly charged funding stream.
- All timesheet charges are entered into GMS on a bimonthly basis, these hours' drive the allocation of indirect charges as the indirect expenditures are allocated based upon salary and fringes charged to each program.
- All leave is indicated on the timesheet.
- Timesheets are submitted to CEO, CFO, or Grant Project Director for approval. The CEO's timesheet is submitted to Board Chairperson or in his/her absence to any executive board member.
- Timesheets are submitted to fiscal department for entry into GMS by project charged to on timesheet.
- Staff reports actual time on the timesheet. CEO determines allowability of inclement weather leave.
- Exempt and non-exempt FLSA status is detailed in the employee's job offer, and extended hours of work may result in overtime pay for non-exempt staff.

Payroll Taxes

SVWDB Payroll Taxes include employee and employer Social Security and Medicare contributions, State and Federal withholding taxes and State Unemployment Insurance contributions. Due to the SVWDB status as a nonprofit entity, the organization is exempt from Federal Unemployment Insurance contributions. Payroll taxes are paid in accordance with the requirements set forth by each taxing authority.

Processing Procedure

The CFO reviews all prepared monthly, quarterly and annual tax bills and reports. Tax bills are calculated following each payroll period and/or each fiscal year quarter and prepared in accordance with the following schedules and procedures.

- *Federal Withholding taxes, Social Security (FICA) and Medicare payments:* Payment is made according to IRS's requirements for the tax bill owed for the previous month's payroll; payment is made electronically by the outsourced payroll firm.
- *Federal Form 941:* This report is prepared quarterly by the Outsourced payroll firm. The form is filed by the 30th of the month following the fiscal year quarter being reported. The form reconciles Federal Withholding and FICA taxes withheld and paid during the previous quarter.
- *Virginia State Withholding taxes*: The Virginia state withholdings are electronically deposited by the outsourced payroll firm in accordance with Virginia Employment Commission tax laws.
- *Virginia Unemployment Insurance:* The Virginia Employment Commission (VEC) assesses the unemployment insurance tax amount on the first $8,000 of wages paid to each SVWDB staff member in a calendar year; at the end of each calendar quarter; the VEC mails Unemployment Insurance tax forms for reporting and paying taxes; the outsourced payroll firm prepares and submits this information electronically.

Travel Expense Report

A Travel Expense Report is used to report and document expenses incurred during business-related travel. The report identifies itemized expenses, such as transportation, lodging, meals, and other related expenses, the dates of the travel and the purpose of the travel. The report authorizes reimbursement to the traveler or reconciles cash advances awarded to the traveler (if applicable).

Accompanying documentation to be attached to the report includes but is not limited to required receipts as identified in the SVWDB Personnel Manual, the itemized Customer Copy of credit card charges reflected on the report.

Processing Procedure

- Individuals authorized by the SVWDB as eligible for reimbursement of travel expenses are responsible for completing and submitting Travel Expense Reports.
- Travel Expense Reports may be completed and submitted at any time following the date expenses were incurred within the following time frames:
  - All travel expenses incurred during the program year must be reported by the 10th of the month following the last month of the program year.
- Travel Expense Reports are signed by the individual completing the Report and submitted, with appropriate documentation attached, to the Grant Director, CFO or CEO for approval.
- The Grant Accountant reviews the Report for completeness and accuracy and files it for processing during the next disbursements cycle.
- The Fiscal Department processes the Report in accordance with the payment procedures for SVWDB Operating Expenses.

VII. INFORMATION TECHNOLOGY CONTROLS

Accounting Software

The SVWDB uses the Grants Management System Accounting software package; the software was designed for usage by entities that are non-profits receiving grant & contract monies. The software was designed to track revenues, expenditures, and budgets by funding stream and restriction type. The software also processes and allocates costs based on the user's set up of the various cost pools. Individual modules utilized by the SVWDB are accounts payable, specialized cost allocation, budget preparation, payroll, cash receipts, general journal, and specialized security levels for each user based upon their access rights.

GMS software is held on a cloud server located in an environment controlled, locked location that is backed up nightly to additional locations in Virginia and Utah. Additionally, local backups are made daily onto the CFO's computer and to an external storage device, both of which are maintained within a locked office.

GMS software requires a unique username and password for each user during login, each user has unique user rights defined and access to various modules within the software as determined and reviewed annually by the CEO & CFO.

VIII. Logical Controls

All printed financial reports are stored within the CFO's office, which is locked when not occupied. All electronic files maintained are stored on a cloud server that has user access controls, which are based upon the employee's individual rights as approved by the CEO. Files kept on the CFO's computer are automatically backed up weekly to an external storage device and automatically to the cloud server.

Credit cards, keys, blank checks, voided/defaced checks, tax documents, employee files, payroll files, bank reconciliations, and voucher packets are all kept within fireproof file cabinets in the CFO's office.

Logical controls are in place to prevent unauthorized access: All computers within the office require unique user ids and passwords to logon, doors to the office suite are locked at all times, and the building is locked during the evenings.

SVWDB Fiscal Policies and Procedures

ALLOWABLE COSTS

Applicable OMB cost principles, ETA grant regulations, and the terms of the grant and subgrant agreements must be followed in determining the reasonableness, allowability, and allocability of costs. Only allowable costs may be charged to a Federal grant, and no Federal grant may pay for more than its fair share of the costs (allocability). This means that the grantee must determine what costs incurred by the organization are reasonable and allowable, following the guidelines specified above, and allocate those costs to the proper funding source based on the activity involved.

To determine the allowability of a cost, it must meet the seven guiding factors found in the Uniform Guidance at 2 CFR 200.403:

- Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- Be consistent with principles and procedures that apply uniformly to both federally-financed and other activities of the organization.
- Be accorded consistent treatment.
- Be determined in accordance with GAAP.
- Not to 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.
- Be adequately documented.
- Free of conflict of interest per the SVWDB conflict of interest policy (OP 15-03).

Expenditures must be only made for activities permitted by the applicable regulations, terms and conditions of the individual award, and in accordance with the SVWDB's policies and procedures.

The SVWDB will follow the cost principles detailed at subpart E and appendices III through IX of 2 CFR part 200, including exceptions identified by the Department of Labor at 2 CFR part 2900.

UNALLOWABLE ACTIVITIES AND EXPENDITURES

The following is a list of activities and expenditures that are considered unallowable; this list is not considered exhaustive as additional terms and conditions may be placed on individual grant agreements:

- Construction, purchase of facilities or buildings, or other capital expenditures for improvements to land or buildings except with the prior approval of the Secretary of Labor. WIOA Title I funds can be used for construction only in limited situations, including meeting obligations to provide physical and programmatic accessibility and reasonable accommodations, certain repairs, renovations, alterations, and capital improvements of property, and for disaster relief projects under Section 170(d), WIOA, 128 Stat.1575, Youth Build programs under Section 171(c)(2)(A)(i), WIOA, 128 Stat. 1578, and for other projects that the Secretary determines necessary to carry out the WIOA, as described under Section 189(c) of WIOA, 128 Stat. 1599.
- Employment-generating activities, economic development activities, investment in revolving loan funds, capitalization of businesses, investment in contract bidding resource centers, and similar activities not directly related to training for eligible individuals, with the exception of employer outreach and job development activities, which are considered directly related to training for eligible individuals (Section 181(e), WIOA, 128 Stat. 1588).
- The employment or training of participants in sectarian activities. Participants shall not be employed in the construction, operation, or maintenance of a facility that is or will be used for sectarian instruction or as a place for religious worship. However, WIOA funds may be used for the maintenance of a facility that is not primarily or inherently devoted to sectarian instruction or religious worship if the organization operating the facility is part of a program or activity providing services to WIOA participants (Section 188(a)(3), WIOA, 128 Stat. 1598).
- Encouraging or inducing the relocation of a business or part of a business from any location in the United States if the relocation results in any employee losing his or her job at the original location (Section 181(d)(1)), WIOA, 128 Stat. 1588).
- Providing customized training, skill training, or on-the-job training or company-specific assessments of job applicants or employees of a business or a part of a business that has relocated from any location in the United States, until the company has operated at that location for 120 days, if the relocation resulted in any employee losing his or her job at the original location (Section 181(d)(2), WIOA, 128 Stat. 1588).
- Paying the wages of incumbent employees during their participation in economic development activities provided through a Statewide workforce investment system (Section 181(b)(1), WIOA, 128 Stat. 1586).
- Public service employment, except to provide disaster relief employment, as specifically authorized in Section 194(10), WIOA (128 Stat.1606).
- Funds available to States and local areas under Subtitle B may not be used for foreign travel (29 USC 2931(e), WIA; Section 181(e), WIOA, 128 Stat. 1588).

- Alcoholic Beverages.
- Bad Debts. Any losses (whether actual or estimated) arising from uncollectible accounts and other claims and related legal and collection costs are unallowable.
- Capital expenditures for general purpose equipment, buildings, and land.
- Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life.
- Consultant fees in excess of the rate of pay are located at 5 CFR 304.104 with the calculation for a maximum amount located at 5 CFR 304.105.
- Contingency provisions.
- Costs of legal, accounting, and consultant services, and related costs, incurred in connection with patent infringement litigation.
- Costs of prosecution of claims against the Federal Government, including appeals of final Federal agency decisions.
- Costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations.
- Donations and contributions. Additionally, costs of organized fundraising, including financial campaigns, endowment drives, solicitations of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions.
- Entertainment costs, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities).
- Fines and penalties.
- Fundraising and investment management costs.
- Goods or services for personal use.
- Housing and personal living expenses.
- Idle facilities costs.
- Interest attributable to a fully depreciated asset.
- Interest on borrowed capital, temporary use of endowment funds, or the use of the non-Federal entity's own funds.
- Lobbying costs.
- Losses on other awards or contracts.
- Memberships, subscriptions, and professional activity costs for social organizations or lobbying organizations.
- Organization costs.
- Selling or marketing costs. The only allowable advertising type of costs are those which are solely for recruitment of personnel, the procurement of goods and services, or the disposal of scrap and surplus materials, and program outreach and other specific purposes necessary to meet the requirements of the federal award.
- Rental expense for the use of a home office.

- Non-coach travel except when such accommodations would require circuitous routing; require travel during unreasonable hours; excessively prolong travel; result in additional costs that would offset the transportation savings, or offer accommodations not reasonably adequate for the traveler's medical needs. Exceptions must be documented and approved by the CEO and CFO prior to making the travel arrangements.

PROGRAM INCOME

Program income is defined as the gross income earned by the SVWDB that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance. Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds.

Interest income earned on the interest-bearing checking account can be used for expenditures allowable under WIOA in the fiscal year in which it is earned; the SVWDB will account for the program income earned from the interest-bearing checking account using the gross income method and the transfer of expenditures method (see VWL 16-07).

Shenandoah Valley
Workforce Development Board, Inc.

Policy and Procedure

Title:	Record Retention	**Number:**	OP-13-04
Effective Date:	7-1-2013	**Revised:**	Adm rev. Nov 2015

Purpose
The purpose of this letter is to define the policy and procedures for retention of records related to activities and services conducted with Workforce Innovation and Opportunity Act (WIOA) Title I funds.

Reference

PL WIOA Section 185(a)
U.S. Department of Labor Regulations (2 CFR Part 200.333-337)
One Stop Comprehensive Financial Management Technical Assistance Guide: Chapter II-2 Financial Management Systems
VWL-#11-03

Description
Records shall be maintained in a suitable location based on the nature of the documents and filed in a manner supporting ease of access. They should be maintained for at least the minimum required retention period. Following the record retention period, documents should be purged, stored or destroyed in an appropriate manner. Both participant and financial records must be maintained in a secured locked file cabinet or other secured arrangement,

Requirements for record maintenance, retention, and access to records pertain to all major areas including agenda and minutes of open meetings, contracts, participant records, fiscal management and documentation in accordance with WIOA law, rules and regulations, and guidance; all applicable OMB Circulars; and state regulations. The SVWDB (WDB) is responsible for establishing and maintaining adequate accounting books, records and controls sufficient to accurately track and report all financial transactions related to work performed, and costs incurred relative to WIOA funded activities. The SVWDB shall keep and maintain original source documents as evidence of all work performed, and costs incurred. All records, data or information related to WIOA funds are to be retained separately and distinctively from the records pertaining to other operations of the applicable entity. Where records having one retention period cannot be separated from records having a longer retention period, both records should be retained for the longer period.

All financial, statistical, property, applicant and participant records, and all applicable supporting documentation will be retained for a period of at least three (3) years subsequent to the date of submission of final Grant expenditure report, close-out package, or the date all audits are complete and findings on all claims have been finally resolved, whichever occurs last. *For example, if a participant exits the program 3/15/11, the three year record retention clock starts on 7/1/2011 (not 3/15/11).*

Procedure

Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Federal awarding agency. The only exceptions are the following:

1. If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken;

2. Records for real property and equipment acquired with Federal funds shall be retained for three years after final disposition.

To the extent that they exist locally, documents and supporting records related to indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates) must be retained as follows:

If submitted for negotiation. If the recipient submits to the Federal awarding agency or the sub-recipient submits to the recipient the proposal, plan, or other computation to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts on the date of such submission. If the recipient is not required to submit to the Federal awarding agency or the sub-recipient is not required to submit to the recipient the proposal, plan, or other computation for negotiation purposes, then the 3-year retention period for the proposal, plan, or other computation and its supporting records starts at the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

Records should be kept detailing the documents that are maintained, the location(s) retained, and document purge dates. In the event that a local WIOA Title I service provider becomes unable to retain the required WIOA participant and financial records, or the award for service is terminated by a local workforce board, the records must be transferred to WDB's possession, or the possession of a new service provider as the WDB may direct. Such records must be transmitted within the time period stated by the WDB, and for acceptance in an orderly fashion with documents properly labeled and filed in an acceptable condition for storage.

No service provider's records should be disposed of without the prior written approval of the WDB designated staff.

During normal business hours and upon written request, records shall be made available and access shall be provided to any and all books and records pertaining to local workforce area performance of work and/or costs billed under arrangements for WIOA Title I to the Commonwealth of Virginia, Federal Funding or Regulatory Agencies and/or their designees. Such right to audit will correspond with the above referenced record retention period for the service provider.

In case of doubt, authorization for release or review of any public records generated fully or as part of a WIOA Tile I contracted service provider's agreement with the Board should be directed to the Board staff.

Service providers must maintain hard copy customer files containing documents and forms in an appropriate storage space that ensures security and confidentiality. Access to customer file information should be restricted to authorized entities associated with the operation and performance of workforce programs. Personal information may be made available to partners based on the WDB's "Confidentiality of Participant Information Policy". Any customer medical information should be recorded on separate forms and stored separately from main program files. To ensure confidentiality, access to these separate medical files should be limited to direct program managers.

Upon termination of a contract and the assumption of program operations by another contractor, the Contractor shall make arrangements, before the end of the contract, as instructed by Board staff, for the safe and complete transfer of all participant records, properly labeled, and in an adequate condition for storage. The Contractor shall provide a list of active and inactive participants and provide a written explanation of any missing records and of any other issues that may be present. The list(s) will be provided and a chain of custody document will be completed at the time of the records transfer, in accordance with procedures promulgated by the Board. The "Retention of Records and Access" form will be completed upon contract termination.

Sub-Contractor Retention of Records and Access

As reflected in the SVWDB's General Provisions and SVWDB policy, Contractors are required to maintain records for a period of three years following the date of the grant closing report, with the exception that if any litigation or audit is begun, or if a claim is instituted involving the grant or agreement covered by the records, they will be retained until the litigation, audit, or claim is finally resolved. Financial records must be maintained in order to support any payments received for services and must be accessible for review by SVWDB, state and federal review or audit staff.

In order to implement the SVWDB policy and contractual provisions, the SVWDB must be able to contact the contractor's Responsible Party to access these records, if necessary. Please provide the following information.

Name of Organization and Title(s) of Funds

Name of Contractor Representative Responsible for the Records

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PO Box or Street Address

City, State ZIP

Telephone numbers (List at least two separate numbers)

I understand that I am responsible for maintaining contractual records in a secure file for the retention period . I will contact the SVWDB immediately is any of the above contact information changes.

Signature and Date

Printed Name & Title

SHENANDOAH VALLEY WORKFORCE DEVELOPMENT BOARD, INC.

PROCUREMENT AND INVENTORY POLICY

Purpose

This document provides guidelines regarding the procurement, purchase, inventory, and disposal of equipment and property purchased with U.S. Department of Labor funds.

Reference

Virginia Workforce Letter VWL #16-08
OMB Uniform Guidance Subpart D – 2 CFR 200.311- 200.326
OMB Memorandum M-18-18

Definitions

Real Property: Land, including land improvements, structures, and appurtenances thereto, excluding movable machinery and equipment.

Personal Property: Property of any kind except real property. It may be tangible (having physical existence) or intangible (having no physical existence such as patents, inventions, and copyrights).

1. Equipment: Nonexpendable Personal Property: An article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds $5,000, including all costs related to the property's final intended use.
2. Expendable Personal Property: All tangible/intangible personal property other than nonexpendable personal property. Expendable personal property would include all tangible and intangible personal property having a useful life of less than one year and an acquisition cost of less than $5,000.

Fair Market Value:

- For Sale purposes: The selling price of an item that is sold through auction, advertisement, or a dealer.
- For purposes of authorizing the sub-recipient to retain equipment for use after grant award expiration: The value of similar items that are offered for sale, using the selling price if known.

Acquisition Cost of Purchased Nonexpendable Personal Property: The net invoice unit price of the property including the costs of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges, such as transportation or installation charges, taxes, duty or protective in-transit insurance will be included or excluded from the acquisition cost in accordance with the contractor's regular accounting practices.

Excess Property: Property under the control of a Federal agency which, as determined by the head thereof, is no longer required for its needs.

Federally Owned Property: Government-furnished property or property acquired with federal funds to which the Government holds title.

Exempt Property: Tangible or intangible personal property acquired in whole or in part with Federal funds, title to which is vested in the recipient without further obligation to the Federal government.

Description

In order to ensure the SVWDB obtains high-quality services, supplies, and equipment at a reasonable cost and to ensure reasonable competitiveness among potential providers, purchases made by the SVWDB will be in accordance with OMB Uniform Guidance. In addition, any regulations and requirements established by the VCCS, DOL, or grant funder will apply if funds are provided from those agencies. Procurement will meet grant recipient requirements as well.

Procedure

A. PURCHASES

Requirement

Sub recipients must request written prior approval from the Virginia Community College System (VCCS) and Department of Labor (DOL) for equipment purchases with a per-unit cost of $5,000 or more. Lack of written prior approval for purchases may result in disallowed costs.

Purchase Considerations

The following considerations should be made prior to requesting approval from the VCCS and DOL to utilize Workforce Innovation and Opportunity Act or any federal or state funds for the purchase of equipment:

- Is this purchase necessary and reasonable?
- Why is the purchase needed?
- Have the best products been selected?
- What procurement method will be used?
- Was a lease option considered in lieu of the purchase?
- What other costs are associated with the purchase?
- What programs will be using and are benefitting from the equipment to be purchased?
- In the event of multiple programs benefitting from the purchase, a cost-sharing schedule must be provided with the purchase approval request. NOTE: The subrecipient must obtain prior approval regardless of the portion of the equipment purchase that is allocated to WIOA funds.

Requesting a Purchase

<u>VCCS Equipment purchase:</u>

For equipment purchases over $5,000, SVWDB must submit a Purchase Approval Request signed by an authorized signatory; the form is available by request from the WIOA Title I Administrator.

<u>DOL Equipment purchase:</u> Request submitted to federal field officer with a description of equipment, purpose, and use of equipment and location of equipment.

The SVWDB CEO and CFO are responsible for coordinating contractor activities: contractor selection for the delivery of employment and training services; the purchase of equipment and supplies; maintenance of records and inventories; and issuing and maintaining appropriate contractor purchasing and property procedures.

The SVWDB CEO and CFO are responsible for ensuring that procurement procedures have been established and will periodically review adherence to established procurement procedures.

SVWDB employees will avoid organizational and personal conflict of interest, or the appearance of a conflict of interest, in the procurement of goods and services and in the administration of state/federal funds. SVWDB employees shall neither solicit nor accept from any bidder, offeror, contractor or subcontractor anything of more than nominal or minimal value.

The procurement policies of the Grant Recipient and Commonwealth of Virginia will be followed. Additionally, specific grants may require additional procurement requirements.

Summary from OMB Uniform Guidance

The purchases of goods or services in which the estimated cost is less than $10,000 is considered a **Micro-Purchase**; micro-purchases require no formal documentation regarding procurement beyond the purchase order (if applicable) and the supporting documentation.

The purchase of goods or services in which is the estimated cost is between $10,001 and $250,000 is consider a **Small Purchase**; small purchases require documentation that price/rate quotes were obtained from more than one source, no price analysis is required for small purchases.

The purchase of goods or services over $250,001 shall require the use of **competitive sealed bidding** or **competitive proposals**.

Competitive Sealed Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) 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. Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids and 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.

Procurement by competitive proposals. 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. Requests for proposals must be publicized 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, the non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients and contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

Procurement by 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:

(1) The item is available only from a single source;
(2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

(3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
(4) After solicitation of a number of sources, competition is determined inadequate.

In accordance with WIOA regulations at 20 CFR Part 683.200(d), the SVWDB may not make an award, sub-award or contract at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs in accordance with the Department of Labor regulations at 29 CFR Part 98. The Federal Debarment list shall be consulted prior to awarding a contract or doing business with a new vendor.

INVENTORY

Purpose
To establish a policy to inventory and track tangible and/or real property purchases using Shenandoah Valley Development Board (SVWDB) funding including but not limited to U. S. Department of Labor Workforce Innovation and Opportunity Act (WIOA) funds, DOL-ETA funds or state funds.

Reference
Virginia Workforce Letter VWL #16-08
2 CFR Part 200.313

Description
Local Workforce Development Boards are to ensure that property purchased with their funds are used in accordance with the intent of the law and for the agreed-upon intent. For purposes of this policy, property is defined to include equipment, supplies, real property, tangible property, data, records, and proprietary information. It is the policy of SVWDB to follow uniform standards governing the utilization and disposition of property furnished by or acquired in whole, or in part, with state or federal funds. The SVWDB and all contractors or subrecipients will observe these standards. Property purchased, collected or developed with SVWDB funds is the property of the SVWDB and, as such, must be used for purposes authorized by WIOA, DOL, and the SVWDB unless otherwise regulated by the state or federal mandates. An inventory of such property is to be maintained by the board and all contractors and subcontractors receiving funding through the SVWDB. An inventory, audit, and/or repossession of such property are at the discretion of the SVWDB and state and federal governments. Upon termination of services with the SVWDB, an inventory will be completed jointly by the contractor and/or subcontractor and board staff no more than 30 days after the closing of the contract. Disposition of the property will be at the discretion of the SVWDB. Any inventory deemed unusable will be documented. The inventory record log is updated annually by the contractor and a copy is given to board staff. Board staff will maintain records of property for administrative and program purposes at the board office. Board staff will verify and reconcile inventory annually during on-site visits to all centers.

Procedures
Inventory Control Procedures
This subsection provides standards and procedures for SVWDB's and contractor's use and control of property provided by the Department of Labor or the Shenandoah Valley Workforce Development Board (SVWDB) and property acquired with WIOA, DOL, or any other state or federal funds.

A control system shall be in effect to ensure adequate safeguards to prevent loss, damage or theft of any property. Loss, damage, or theft of nonexpendable property shall be investigated by authorities and the SVWDB and the results of the investigation shall be fully documented. In the case of theft or vandalism of property owned by the Federal government, the contractor shall promptly notify the SVWDB and the proper law enforcement officials.

The contract shall implement adequate maintenance procedures to ensure the property is kept in satisfactory working condition

To properly control and account for property acquired with Federal funds, a physical inventory and SVWDB Property Inventory report will be conducted annually. The physical inventory will include a physical verification of each item and its condition. Any property valued at **$500** or greater must be listed on the inventory record and tagged as being the property of the SVWDB. A sub-contractor must ask for permission to purchase and maintain an inventory log for any property over $2,500. The report will identify each asset by:

1. A description of the equipment.
2. A serial number or other identification number.
3. Source of the equipment, including the award number.
4. Title holder.
5. Acquisition date.
6. Per unit cost of acquisition.
7. Percentage of Federal participation in the cost of the property.
8. Location, use, and condition of the property and the date the information was reported.
9. Any ultimate disposition data including the date of the disposal, sale price of the property, loss, theft.
10. A SVWDB inventory tag
11. Method of procurement.

Inventory Control Log Procedures
Property is logged on the inventory control log as it is purchased, identifying all required areas. As a subcontractor purchases approved property, the subcontractor lists it on their inventory control log and gives the same information to the board staff who lists it on the master inventory control log maintained at the SVWDB office.

Annual physical inventories shall be taken by the contractor and the Grant Accountant or other designated representative of the SVWDB for all items of nonexpendable property provided by the state or acquired with federal grant funds. The same federal property inventory form should be used to list all items of nonexpendable personal property held by the contractor or used under the federal contract. In addition, a responsible official of the contractor with designated control over equipment/inventory shall certify that the equipment/inventory records are complete and correctly list and describe all items of nonexpendable personal property furnished to the contractor, or for which the contractor has been or will be reimbursed by the SVWDB. Each contractor will perform an inventory and return a completed inventory report to the SVWDB Grant Accountant. A physical inventory shall be conducted annually of all nonexpendable personal property assigned to the SVWDB Administrative Office and Workforce Centers.

<u>Cannibalization of Property</u>
Cannibalization is the removal of serviceable parts, components or assemblies from one item of equipment for installation on another item of equipment to serve the same basic function. Cannibalization shall not be undertaken without prior approval by the SVWDB. Each request shall identify the item to be cannibalized, parts to be removed and benefits to be derived from cannibalization. When cannibalization is completed, it shall be reported to the SVWDB.

Trade-In

To trade in nonexpendable property, a contractor must request permission from the SVWDB. Each request should identify the item to be traded in, the reason for the trade-in, the trade-in value, the replacement item, and the acquisition cost of the new item without trade-in. The SVWDB will advise the contractor of approval or disapproval in writing.

Disposition of Property from Contractor

Contractors shall report to the SVWDB all items of equipment which are obsolete, unserviceable or not economically repairable and await disposition instructions. Under no circumstance, should nonexpendable property be disposed of without obtaining prior approval and instructions of the SVWDB.

Upon final expiration or termination of a contract, a final physical inventory shall be taken of all items of nonexpendable property acquired under a federal contract. The physical inventory listing will be compared with the records maintained by the SVWDB and any differences or discrepancies noted shall be investigated by the contractor. After all property items have been properly accounted for, the SVWDB will issue disposition instructions to the contractor.

The SVWDB may require state and federal property to be returned to the SVWDB Administrative Office or the contractor may be allowed to retain property for its use in lieu of payment of storage charges, until such time as it may be needed in the operation of a state or federal program or by the SVWDB.

Transfers of nonexpendable property between contractors will require prior approval of the SVWDB. The gaining contractor will be responsible for the property received and all attendant property requirements.

Disposition of Excess or Obsolete Equipment

The SVWDB shall determine if equipment is workable but in excess. Such excess equipment may be stored for future use or if economically unwise to store, dispose of properly. This may include submitting equipment to a disposal site or to the IT contractor, to clear all data from the electronic equipment, for disposal. Property may also be given to any other organization operating under the same federal acts. Failing that, the property may be assigned to a like agency to service clients of a type who were served by the grant that procured the equipment.

Intangible Property

Inventions and Patents – The contractor shall report promptly and fully to the SVWDB any program which produces patentable items, patent rights, processes or inventions in the course of work under the state/federal contract. Unless the contractor and the SVWDB previously agreed on the disposition, the SVWDB shall determine whether protection on the invention or discovery shall be sought. The SVWDB shall also determine how the invention or discovery rights, including rights under any patent issued thereon, shall be allocated and administered.

Copyrights

Unless otherwise provided in the terms and conditions of the contract, the contractor may copyright material or permit others to do so for copyrightable material developed under a contract. If any material developed under a state/federal contract is copyrighted, the DOL shall have a royalty-free, nonexclusive and irrevocable right to reproduce, publish, and otherwise use, and to authorize others to use, the work for Federal purposes.

Property Records

All equipment records must be maintained from the date of acquisition through final disposition. Property records shall be retained for a period of at least five years from the date on which the expenditure was reported to the granting agency. If any litigation or audit is begun or if a claim is instituted involving the grant or agreement covered by the records, the records shall be retained until the litigation, audit or claim has been fully resolved and final actions have been taken.

SHENANDOAH VALLEY WORKFORCE DEVELOPMENT BOARD, INC.

BANK RECONCILIATION POLICY AND PROCEDURES

To be included in the fiscal manual

Purpose
The purpose of this policy and procedure is to establish requirements for bank reconciliation procedures and responsibility of staff.

Reference
One-Stop Comprehensive Financial Management Technical Assistance Guide: Chapter II-2 Financial Management Systems

Description
GMS maintains all entries that effect cash accounts: checks, deposits, and general journal entries.

Procedures
Once the bank statement is received in the mail it is opened by the CEO who then reviews all cleared transactions and initials and dates the statement to denote their reviewal and approval. All cleared checks are reviewed for appropriate endorsement, check dates, amounts, appropriate payee and sequence of check numbers.

The statement is then delivered to the Grant Accountant, or the appropriate fiscal staff member, who prepares the reconciliation. During the preparation process all amounts, dates, and payees are verified between the bank statement and GMS. Any additional bank fees and interest charged/received are posted as appropriate. Once properly processed, the staff dates and initials the reconciliation to denote their preparation.

Once the cash account has been reconciled the reconciliation and the original bank statement is delivered to the CFO for a detailed review. A detailed reviewal process is performed to ensure that all amounts, dates and payees reconciliation without exception. The Financial Officer dates and initials the reconciliation to denote their review.

The reviewed reconciliation and bank statement are then given to the CEO for an additional review. The CEO reviews the uncleared transactions, the reconciliation and the original bank statement to ensure completeness and validity prior to securing in a fireproof safe.

Follow GMS instructions on how to perform bank reconciliation. The procedure is summarized:

1. GMS Menu-Tools- bank reconciliation
2. Enter time-period from the first day of the fiscal year (June 30, 20XX) to bank statement ending date, select cash in bank account (10000), insert ending balance from bank statement. Do not change the beginning balance date.
3. Compare deposits in GMS to deposits on the bank statement and mark 'Y' in GMS for deposits on the bank statement. Print out the listings of deposits cleared and outstanding as of the bank statement ending date.

4. Compare the checks listed in GMS to the checks that have cleared on bank statement, verifying the date, payee, amount and check number, and mark “Y” in GMS for checks the have cleared on bank statement. Print out the check listing, showing the cleared and outstanding checks as of the bank statement ending date.
5. Compare the journal entries in GMS to the cleared items on bank statement that will affect cash in bank. Some of the entries are (but not limited to): checks that outsource payroll prepare such as payroll, IRS payment for federal withholding taxes, Virginia withholding taxes, and Virginia UI deposit, payments made to American funds on behalf of employees. Print out listing of the journal entries outstanding and cleared at the bank statement ending date.
6. Print out the summary bank reconciliation page. The variance should be “$0.00”. If there is a variance some of the steps detailed below can be followed to reconcile:

    View the previous month’s bank reconciliation to see if there is any issue that may affect current month’s cash.
    Search for items such as interest, deposits that may not be posted in GMS but are on the bank statement.
    Examine the amounts of deposits, journal entries, and all checks for variances from GMS amounts compared as to what cleared the bank.

7. Confirm subsequent presentation for payment related to any outstanding checks that may be nearing the 90 day period; any outstanding checks that have yet to be presented for payment should be discussed with the CFO.

8. Initial GMS bank reconciliation page.

SHENANDOAH VALLEY WORKFORCE DEVELOPMENT BOARD, INC.

FIXED ASSET CAPITALIZATION POLICY

Purpose

The purpose of this document is to establish Shenandoah Valley Workforce Development Board's (the "Organization's") financial accounting policies regarding the proper classification of fixed assets and the proper treatment of transactions involving fixed assets. Collectively, the policies established in this document shall be known as the Organization's capitalization policies and should be followed by all management and staff of the Organization whose job responsibilities include the management of and accounting for fixed assets.

Reference

TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 3-19

Definitions

Capitalize: When an asset is capitalized, it is included on the Organization's balance sheet as an asset.

Fixed assets: Long-lived tangible assets acquired or produced to support the operation of the business, but not intended for resale nor consumed in use. Typically, fixed assets will include land, buildings, equipment, software, furniture, land/building improvements, etc.

Procedures

The criteria and procedures outlined below should be followed to determine asset capitalization and exceptions.

1. Asset Capitalization

Expenditures for capital asset additions and improvements that meet **ALL** of the requirements within their respective category below are capitalized.

2. Capital Asset Additions

Capital Asset Additions must meet **ALL** requirements listed below:

- Cost is in excess of **$5,000**
- Useful life is expected to exceed 12 months

Capital Asset Addition Exceptions

In order to minimize accounting for immaterial items, assets acquired or produced at a cost of less than **$5,000** are required to be expensed. In determining the cost of assets acquired or produced, it is appropriate to look to the total invoice price, or, if multiple items are included within one invoice, to the cost of <u>each</u> item. Additional costs, such as delivery fees or installation services, should **not** be considered unless such costs are included in the same invoice as the item itself.

Alternatively, assets (whether acquired or produced) with an economic useful life of fewer than 12 months are required to be expensed, regardless of the acquisition or production cost. The economic useful life of an item is the period over which the property is reasonably expected to be useful in the Organization's trade or business. Factors to consider in determining this period include:

- Wear and tear and decay or decline from natural causes;
- The type and date of construction;
- The normal progress of the art, economic changes, inventions, and current developments within the industry and the Organization's trade or business;
- The climatic and other local conditions peculiar to the Organization's trade or business; and
- Renewal and replacement policies followed for the individual items or classes of assets involved (2 CFR 200.436(d)(1));
- Historical data; and,
- An appraisal of the useful life of the asset.

<u>Depreciation</u>

Depreciation is the method for allocating the cost of fixed assets to periods benefitting from asset use. The SVWDB and contractors may be compensated for the use of its buildings, capital improvements, equipment, and software projects capitalized in accordance with generally accepted accounting principles (GAAP) provided that they are used in, needed for, and properly allocated to the Federal award(s). Land cannot be depreciated because it is assumed to have an unlimited useful life. Capital improvements to land, however, such as paved parking areas, fences, sidewalks, and the like, can be depreciated.

Deprecation is only allowed for the portion of the capital expenditure that was paid for with non-Federal funds; when the SVWDB or its contractor expends non-Federal funds on capital expenditure in order to carry out a Federal Award, the entity may charge the grant depreciation in proportion to the use by grantee. Depreciation costs may not be charged for any period during which the real property was not used for the applicable Federal grant and depreciation cannot be charged if the purchase of the capital asset was directly charged to the Federal grant. Additionally, no depreciation can be charged on an already fully depreciated asset or an asset that has outlived its depreciable life, and the SVWDB nor its contractor can charge both depreciation and rent for the same facility to a Federal grant.

The straight-line method of depreciation will be used to charge the cost of the asset or group of assets to the accounting periods reflecting the pattern of consumption of the asset over its useful life. All charges for depreciation must be supported by adequate property records, and adequate depreciation records showing the amount of depreciation taken each period must also be maintained.

SHENANDOAH VALLEY WORKFORCE DEVELOPMENT BOARD, INC.

CREDIT CARD POLICY AND PROCEDURE

REFERENCE

2 CFR § 200.474 & §200.432

POLICY

The requirements for administrative and financial management systems applicable to all nonfederal entities that function as subrecipients or recipients of ETA grant funds are specified in 2 CFR 200.302. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Internal controls are designed to provide safeguards for Federal and State funds. The safeguarding of access to the business credit cards is part of this internal control environment.

It is the policy of the SVWDB to secure the credit cards in a limited access file cabinet in the CFO's office. The CEO and CFO have access to this file cabinet. The CEO may have in his/her possession a credit card but must adhere to procurement and purchase order policy for purchases.

TRAVEL POLICY FOR USE OF CREDIT CARD

The use of the SVWDB's credit card for travel expenses is provided as a convenience for Board employees. Because the card is Board property, special care must be taken with its use. No alcohol is allowed to be charged on the credit card even with the expectation of the employee reimbursing the Board when the credit card bill is due. This is to avoid the appearance of illegal use of the credit card for government funds as well as to avoid audit questions. Meals for non-staff should not be charged to the Board credit card unless approved by the CEO. If the employee is traveling with a spouse or is with a group of people and only one check is available from the restaurant, a personal credit card or personal funds should be used and the employee's charge should be submitted on a travel expense report. If an employee is traveling with a spouse and orders room service for the employee's self and spouse, the employee should not charge it to the room but rather pay by personal funds and submit for reimbursement. When airline tickets are purchased, only the employee's airfare is to be charged to the credit card. Government funds cannot be used to front expenses even when reimbursements are planned. The employee can choose to use the per diem, personal funds or personal credit cards to eliminate the necessity of SVWDB credit card usage; however, staff are encouraged to use the provided SVWDB credit card. In the case in which the per diem option is chosen, the per diem is to be used for the entire trip, instances in which the per diem option is chosen and meals are charged to the WDB credit card, the employee is responsible for reimbursement to the WDB. See the Personnel and Policy Manual for expanded travel reimbursement policies.

PROCEDURES FOR CREDIT CARD TRANSACTIONS

The CEO of the SVWDB authorizes those employees that are issued credit cards and their individual credit limits based upon their anticipated usage. Once a credit card is issued to an employee, that employee is ultimately responsible for any expenditures incurred on the credit card that is issued in their name.

The SVWDB processes payment in full to the credit card issuer on an at least monthly basis to ensure that the SVWDB will not incur interest rate charges. Each employee that is issued a credit card is responsible for filling out the monthly credit card usage report detailing the usage of their credit card for the statement period and providing receipts for all charges incurred; in period wherein no charges occurred the report is not required to be completed. In the case that a receipt is missing, the employee is responsible for contacting the vendor to retrieve a copy of the itemized receipt, however, if a receipt cannot be recovered, if the charge was $10.00 or less they may receive a waiver with the written approval of the employee's supervisor, and the Chief Financial Officer and/or the Chief Executive Officer. Charges by the credit card issuer, such as the annual fee do not require an itemized receipt. If a waiver is not obtained and the receipt has not been turned in within 30 days of the original form due date than the employee will be responsible for payment of the entire expenditure along with any interest accrued in full.

SHENANDOAH VALLEY WORKFORCE INVESTMENT BOARD, INC.

OBLIGATION POLICY AND PROCEDURE
TO BE INCLUDED IN FISCAL MANUAL

POLICY

The obligation data collected by SVWDB provides an expanded picture of how funds are being utilized through the current period, as well as in future periods, as obligations represent definite commitments which will result in future expenditures. Accurate tracking of this data provides SVWDB with critical information needed to manage their grant funding over the period of fund availability.

REFERENCES

Training and Employment Guidance Letter #28-10; 5-27-11
Code of Federal Regulations: 2 CFR Part 200.17
Federal Financial Rept. 9130 (DOL-ETA)

Obligation Definition

Obligation, as defined in 2 CFR Part 200.71, means the amount of orders placed for property and services, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period. In sum, obligation is a term that references actions where a legal commitment to pay exists. The obligation may occur at the time the services are rendered, or before services are rendered when a binding agreement has been entered into. The Comptroller General of the United States has issued statements concerning obligations that include: “definite commitment which creates a legal liability” and “definite and certain.” (B-136383, June 27, 1958 and B-116795, June 18, 1954). Obligations are legal requirements - not plans, budgets, or encumbrances. Examples of obligations or legal commitments include subgrant agreements, purchase orders, or cash disbursements. Obligations do not include such actions as projected staff time, future or projected rent payments, future or projected training, or items that are budgeted during the period of the grant award.

Projected training costs such as Individual Training Accounts do not meet the definitions of obligations found in 2 CFR Part 200.71 as they do not meet the requirement of being definite and certain, nor do they constitute a legal liability until the participant is registered in a specific course. Further, a Comptroller General decision related to pre-payment of tuition costs states that the period covered by the pre-payment (i.e. the obligation) only extends to the current period the participant is registered and attending classes (Comptroller General Decision [B-148283, 1962]. Therefore, while SVWDB’s subrecipients need to be aware of future needs and should have a system for managing these needs, the inclusion of such items as obligations would violate Federal grantee accounting and ETA reporting standards.

To provide a specific example, Individual Training Account (ITA) amounts for tuition are not obligations at the time the ITAs are issued by the grantee to a participant. They become obligations only at the time the participant enrolls in training at the training institution. The issuance of the ITA is equivalent to a budgeted limit for training. An ITA is a commitment by the grantee to a participant which does not result in a legal commitment until the participant is registered for a class with a particular educational institution. Once the participant registers for classes, the obligation can be recorded. Consequently, the amounts of ITAs for which enrollments have not occurred are merely encumbrances to manage fund availability and use and are not reported to SVWDB or VCCS.

Since rent payments are contingent on continued occupancy, the only portion of a lease that can be reported as an obligation is the amount due if the lease is cancelled, often called the cancellation penalty. Appropriate accounting for an operating lease is to record only the current expenditure and include only the cancellation penalty as an unliquidated obligation.

The use of obligations as a measure of the SVWDB's financial performance provides for internal controls as they are accounted for in accordance with Generally Accepted Accounting Principles or GAAP.

SHENANDOAH VALLEY WORKFORCE DEVELOPMENT BOARD, INC.

GIFT CARD POLICY

PURPOSE

The purpose of this document is to establish Shenandoah Valley Workforce Development Board's (the "Organization's") policies regarding the proper policies and administrative procedures regarding the use of gift cards as incentives utilizing funds from the Workforce Innovation and Opportunity Act (WIOA), Department of Labor H-1B Technical Skills Training Grants and other grant funds.

BACKGROUND

The following defines the procedure for obtaining, securing, issuing and reporting gift cards issued as incentives to participants of grants of the Organization.

PROCEDURES

If the Organization's staff chose to utilize gift cards for incentive or supportive services they must maintain strict internal controls concerning the custody and distribution of the gift cards. The following guidelines must be adhered to by staff:

1. **Obtaining**

    a. The employee planning to purchase gift cards must have an approved purchase order from their supervisor prior to the purchase.
    b. Upon purchase, the employee must turn in a copy of the purchase receipt along with the gift cards to the Project Director or Chief Financial Officer. The employee along with the supervisor will log the gift card numbers and amounts to ensure that all pertinent information is captured.
    c. Gift cards may not be transferred from one grant or program to another without approval from the Chief Financial Officer (CFO) or Chief Executive Officer (CEO).
    d. Only a limited number of gift cards will be maintained in inventory, a maximum of ten (10) gift cards will be maintained at any one time.

2. **Securing**

    a. Gift cards will be secured at all times in the locked cabinet within the CFO's office.
    b. The CFO along with the Grant Accountant will verify the gift card inventory at the end of each fiscal quarter.

c. The employee taking custody of the gift card to issue to the participant must sign the gift card log verifying the participant name, denomination of the gift card and the last five (5) digits of the gift card's serial number. The CFO or Grant Accountant will verify this information in conjunction with the employee taking custody contemporaneously.

3. Issuing

a. The employee taking custody of the gift card will be held responsible to turn into the CFO or Grant Accountant the Gift Card Receipt Form upon issuance to the participant. The Gift Card Receipt Form must list the following information:
    i. Participant Name
    ii. Applicable Grant and/or Program
    iii. Reason for Award
    iv. Date of Award
    v. Gift Card Amount
    vi. Signature of Participant acknowledging receipt
    vii. Signature of the Project Director or Supervisor

b. The Gift Card Receipt Form must be turned into the CFO or Grant Accountant within 15 days of the issuance of the gift card, failure to turn in a completed form may result in disciplinary action.

c. Gift cards must be handled in a manner similar to cash; gift cards may not be kept by employees overnight, all gift cards that are not issued the day that they are signed out must be turned back into the CFO or Grant Accountant.