



Fiscal Administration Handbook

Volume II

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**VOLUME TWO: FISCAL ADMINISTRATION DEPARTMENT
CHAPTER ONE: FISCAL INTEGRITY**

Subsection 1.1 Internal Fiscal Integrity

Section 1: Purpose

WSB's Board employees are responsible to ensure government resources are used efficiently to achieve intended program results. The purpose of the policies are to set forth the protocols and internal controls to ensure that all accounting and financial transactions will be conducted in accordance with the General Accepting Accounting Principles (GAAP), Financial Manual for Grants and Contracts, Uniform Grant Management Standards (UGMS), and Code of Federal Regulations Title 2 (2CFR Part 200), compliance regulations, and all applicable laws and regulations of federal, state, and local governments.

Section 2: Best Practices

Methods adopted by the Fiscal Administration Department are based on the provision of appropriate oversight which include but not limited to separation of duties, access control, required approvals, asset audit, and data backup.

- I. **Audit:** On an annual basis an independent accounting firm will be contracted to perform a comprehensive compliance and financial audit of the Board's operations. This audit will conform to the requirements of:
 - i. The Single Audit Act of 1984 with Amendment in 1996.
 - ii. The "Government Auditing Standards", 2003 Revision.
 - iii. 2 CFR 200, Subpart A, B, & F
 - iv. FAICPA Industry Audit Guide.
 - v. Uniform Grant and Management Standards (UGMS).
 - vi. Uniform Grant and Contract Management Standards (UGCMS).
 - vii. TX Government Code, Chapter 783, State of TX Single Audit Circular and any other requirements the Texas Workforce Commission or other granting agency may impose.
- II. **Authentication of Records:** Full disclosure and materiality of all accounting data is to be documented in a matter that it is clearly, completely, and consistently documented enough to justify any particular transaction.
- III. **Cost Allocation:** The Fiscal Administration Department is responsible for the cost allocation which consist of all expenditures being allowable, necessary, and allocable. Expenditures may be classified as direct costs, indirect costs, management and general costs, and program support costs. All expenditures are to be allocated to its designated program according to their respective grant policy and federal regulations. Exceptions apply were there might be instances expenditures may be considered for a cost pool allocation.
- IV. **Data Integrity and Security:** All financial information is to be kept secured, stored, and confidential with limited access to only authorized personnel.
- V. **Financial Preparation:** Financial Statements are to be prepared on a monthly, quarterly, and annual basis or as required by the Board, and dictated by the individual grant reporting requirements.

- VI. **Price-Cost analysis and Market research:** The purchaser must develop a price-cost analysis as well as an initial determination of the funding source that will be used when planning for procurement. Depending on the procurement for goods or services with no historical data, a price-cost analysis may be developed from a vendor's advertised price list, developed through online research, or may be prepared using informal quotes from vendors. The actual costs of services or goods that have been historically used within the past 2 years adjusted plus inflationary increase, will by default fulfill the price-cost analysis.
- VII. **Segregation of duties:** Fiscal Administration Department is structured based on appropriate segregation of functional responsibilities to include the separation of operating, custodial and accounting functions within the organization to prevent unmitigated control over any financial process.
- VIII. **Review and revision of the Fiscal Administration Policies:** The Fiscal Administration Department will review this policy on a periodic basis to determine whether the controls established under this policy operate effectively as may be applicable by laws. The Board of Directors may, from time to time, permit departures from the terms of this policy, either prospectively or retrospectively. Any revisions of the policy are subject to approval by the Chief Executive Officer and the Board of Directors.

Subsection 1.2: Procurement and Purchase Methods.

Section 1: Purpose

The purpose of the Procurement Policy is to establish guidelines and standards for Workforce Solutions Borderplex (WSB) staff members when procuring goods and services. This includes providing for full and open competition, soliciting and evaluating bids, negotiating, completing due diligence towards fair and reasonable pricing, awards, monitoring, and maintaining the highest level of ethical standards when dealing with vendors, suppliers and contractors. The Procurement Policy is administered by the Fiscal Administration Department. Where the policy does not clearly answer or provides guidance to an issue, the Texas Workforce Commission's Financial Manual for Grants and Contracts (FMGC) will be followed.

Section 2: Scope

This policy applies to all WSB departments and staff engaged in the process of securing goods or services on behalf of the organization.

Section 3: Definitions

Allocable: Where a cost or activity benefits multiple activities or programs, it must be allocated in accordance with the relative benefits received by each activity or program.

Best Value: Where price is not the determinate factor. Other factors to be considered in determining best value, aside from price, can be reputation of the bidder and of the bidder's goods or services, the quality of the bidder's goods or services, the extent to which the goods or services meet WSB's needs, the bidder's past relationship with WSB, the impact on the ability of WSB to comply with laws and rules relating to contracting with historically underutilized businesses (HUB) and non-profit organizations employing persons with

disabilities, the long-term cost to WSB to acquire the bidder's goods or services, and any relevant criteria specifically listed in the request for bids or proposals.

Department: The department that will be using the goods or services.

End User/Purchaser: The person buying goods or services and will be using the good and services.

Low Bid: Lowest all-inclusive price.

Necessary: Determine on whether the services or goods are necessary for the operation or performance of the organization.

Purchase Order (PO): A purchase order is a document that authorizes a purchase *User* transaction. This document is issued from a WSB to a vendor and when accepted by the vendor, the purchase order becomes a legally binding contract. A purchase order contains the descriptions, quantities, prices, discounts, payment terms, date of performance or shipment, other associated terms and conditions, and identifies a specific seller.

Reasonable: Reasonableness is determined on information such as research, experience, prior purchases, or other information.

Request for Proposals (RFP): An RFP is an invitation to vendors to submit business proposals on a specific product or service, generally for professional services.

Request for Qualifications (RFQ): RFQ solicitations focus on the qualifications of the potential providers. Primary qualifications include experience of key staff, relevant experience of the company and client references.

Requisition: An internal request generated by a user department to notify Purchasing Services of goods or services it needs to order, the quantity, and the delivery timeframe. After approval, the requisition becomes a PO.

Section 4: Procurement Policy

WSB will procure the required products and services to perform its mission through one of three methods: 1) micro and/or small purchase; 2) competitive negotiation, or 3) State of Texas Cooperative Contracts.

The purchasing thresholds represent limits for the total purchase amount of similar goods and services by all departments in the aggregate, or in total, as a whole amount of the contract. "Separate", "split", or "sequential" purchases of goods or services made separately and/or over a period that in normal purchasing practices would be purchased as a group or whole in one transaction is a violation of state law and Board policy.

Section 5: Roles and Responsibilities

- I. The End User determines the dollar amount of estimated expenditures and in consultation with the Fiscal Administration Department, will select the desired method of purchasing based on the dollar amount and amount of flexibility desired.
- II. The End User provides detailed and accurate specifications to the Fiscal Administration Department. The solicitation will be developed and advertised. The majority of the bidding process is overseen by the Department until an award is ultimately made. Upon award, a Purchase Order is initiated by the End User and issued by the Department. Delivery of goods and/or services is initiated by the vendor upon receipt.
- III. Certain aspects of contract maintenance such as authorizing price escalations, ensuring insurance is updated, issuing cure letters for vendor non-compliance, etc. is the responsibility of the Fiscal Administration Department. Other contract maintenance items, such as routine or periodic management of the service components of the bid, including

price verification, service delivery, adherence to scope, schedule and budget, remain with the End User.

- IV. User Departments are never authorized to incur services or to purchase goods over \$10,000 without the appropriate authorization (i.e., a Purchase Order issued by the Fiscal Administration Department).

Sections 6: Purchasing Thresholds

All requisitions submitted must have back-up documentation and proof of due diligence as part of the requisition. Purchasers must provide information to prove that purchases are necessary, reasonable and allocable. When working with vendors on quotes, the End User shall adhere to the following thresholds:

- I. **Aggregate amount under \$10,000:** Goods or services under \$10,000 per purchase, unless superseded by the terms and conditions of the TWC grant award; (i.e., relatively simple purchases for which the aggregate cost does not exceed the micro-purchase threshold.). These items can be ordered, received, invoiced and paid via procurement card (P-Card), check request or ACH (electronic) payment. Micro-purchases must be made based on the price being reasonable. The basis (e.g. research, experience, purchases, or other information) used to determine price reasonableness of a purchase should be noted in support documentation or specified by the vendor comparison sheet (updated annually every Fiscal Year beginning). Reference subsection 1.1 section 2.
- II. **Aggregate amount of \$10,000.01 - \$250,000.00:** The small purchase method of procurement will be used for purchases of products or services with an aggregate cost of less than \$250,000.00. Every effort must be made to source and compare for a minimum of two quotes required either by phone, fax, email and/or prospective vendor's web sites. Purchasers must obtain price or rate quotations from an adequate number of qualified sources for all purchases. Reference subsection 1.1 section 2.
- III. **Aggregate amount of \$250,000.01 or more:**
 - i. When more than one source is expected, the competitive negotiation method of procurement is also generally referred to as Request for Proposal (RFP) or Request for Qualifications (RFQ). The RFP/RFQ procurement process shall be utilized when purchases or services are anticipated to have an aggregate cost greater than \$250,000.
 - ii. WSB will develop a solicitation document that specifies a detailed scope of work, including geographic area to be served, timeline for product or service delivery, and deliverable results or actions, and allows prospective bidders to understand the expectations of the solicitation in order to maintain a fair and equitable competitive process.
 - iii. The issuance of an RFP or RFQ does not guarantee a contract or commitment from WSB.
 - iv. At a minimum, competitive solicitations should be posted for 21 but preferably for 30 days, if time permits, from the first day of advertisement of a bid. More complicated solicitations take longer for vendors to respond and therefore may require a longer posting period.

Section 7: Informal vs. Formal Solicitations

- I. The dollar amount will determine whether the purchasing process will be an informal or a formal one. Final determination of the appropriate procurement method will be made by the Fiscal Administration Department on a case-by-case basis before beginning work.
 - i. **Informal:** The standard criterion of an informal bid is low cost and is considered a “one-time” purchase. The informal bid invitation is accompanied by detailed requirements, specifications (such as items and quantities) and notification to submit bid responses by a specified time. The informal bid is not required to be sealed.
 - ii. **Formal:** Purchases over \$10,000 that require quotes or competitive proposals as described below. A formal solicitation can be completed in several formats such as Low Bid, Best Value, Request for Proposals, and Request for Qualifications.

Section 8: Types of Solicitations

Best Value: Best value procurements are for those goods and services. For services where price is not the determinate factor, WSB may select a vendor based on demonstrated competence and qualifications to perform the services at a fair and reasonable price.

Cooperative Purchases: In accordance with Texas Government Code Section 791.025, WSB, is eligible to participate in purchasing agreements and cooperatives. The procurement procedures used by the cooperative or network should satisfy the procurement requirements of this manual, e.g. full and open competition, requirements for small purchase, competitive proposal, and sealed bid requirements, conflicts of interest, federal debarment, etc. Such Purchasing Cooperatives or Networks include, but are not limited to:

- I. Texas Department of Information Resources (DIR); and
- II. Texas SmartBuy.
- III. Other interlocal agreements with specific governmental agencies for specific purchases.

Low Bid: Competitive, closed bid solicitation where selection is based only on the lowest responsive price presented to WSB.

Request for Proposals (RFP): The End User submits an RFP Request that shall include, at a minimum:

- I. A brief description of the Board and the geographic area and/or location(s) to be served;
- II. The purpose and the objective of the proposal;
- III. Proposal content and instructions for submittal, including resumes, forms, examples of similar previous work, etc.;
- IV. Criteria for evaluation and weight to be used in evaluating the proposals;
- V. Duration of contract;
- VI. Compliance with State or federal regulations;
- VII. Scope of Work.

Request for Qualifications (RFQ): State and federal statutes are very specific on what falls into this category. Under the Professional Services Procurement Act (Texas Government Code 2254), a Request for Qualifications (RFQ) must be initiated to acquire professional services. In a two-part solicitation process, an RFQ is solicited, followed by

a price quote that is solicited only to a smaller number of qualified firms for a specific project.

Request for Application (RFA): In accordance with the State of Texas Procurement and Contract Management Guide and WSB Procurement policy, an RFA will be issued when WSB is responsible for distributing funds to other entities such as other state agencies, local governments, non-profit organizations or private entities. The process will include a similar one as to the RFQ in order to create a vendor list for on-call services to be used on an as needed basis. The RFA will also allow vendors that are selected to join the organizations vendor's list for an indefinite amount of time, so if they meet all the necessary requirements for their respective application and conform with federal and state regulations.

Section 9: Bidders Conference

Bidders conferences are not a mandatory requirement for any RFPs or RFQs that are issued. WSB reserves the right to determine the necessity for the bidder's conference. The Bidders Conference will be conducted by staff who will explain contents of the procurement package, explain scope of work, timeline, deliverables and respond to questions from guests. Questions and responses will be recorded and made publicly available on WSB's website.

Section 10: Special Purchases

- I. **Receipt of Offers or Proposals:** All offers, or proposals received in response to a solicitation will be handled in a secure manner. The offers will be kept in a secure location with limited personnel access. A receipt will be time and date stamped by the person receiving the offer or proposal.
- II. **Sole Source:** Sole source purchases are goods and services available from only one supplier, and therefore, competition (bidding) is precluded by the existence of a patent, copyright or secret process. A notarized affidavit and/or letter explaining the reasons why this purchase or vendor is qualified sole source must be provided by the vendor. The letter must specify the exclusive capabilities of the vendor or the unique capabilities and/or personnel they must perform the work, and why this is the only source/service available (i.e., exclusive).

A sole source justification cannot be based on price and the purchase request must be based on the requestor's research and evaluation of the requested product/services and its availability from only one source or lack of availability from multiple sources/brands.
- III. **Technology and Software:** The IT Department must approve all technology purchases including computers and computer related equipment, software, systems, audio/visual technology, communications equipment, and telephones. The demonstration of a software product by the vendor must be made at a meeting in which representatives from the User Department, IT Department and Procurement Department are present.

Purchases for technology commodities, equipment, software and services may be made utilizing the Department of Information Resources Cooperative Contract method as described above. For goods or services and/or suppliers not on the DIR, the appropriate competitive method must be adhered to as described above.

Section 11: Formal Advertisement of Procurements

All formal competitive procurements will be advertised by publishing a notice on the WSB website and/or in the local newspaper. The notice of solicitation will include the following:

- I. Where and how to obtain an RFP package;
- II. Deadline for submitting a bid or proposal;
- III. Date of bidder's conference (if applicable);

Section 12: Debriefing

Debriefings will be provided only for RFPs and RFQs and only upon receipt of a written request to the Fiscal Administration Department within ten (10) business days of the receipt of WSB's notification of the procurement decision. Debriefings will include representatives from the User and Fiscal Administration Departments.

Section 13: Price and or Wage Increases

If there is no escalation clause in the bid, then there is no possibility of escalating the bid price during the length of the contract. Likewise, if there is no clause about increasing the bid price for labor due to the federal minimum wage increases, then the hourly rate quoted in the bid cannot be increased.

Section 14: Tax Exempt

As a non-profit organization, WSB is exempt for sales or use tax on any good or service purchase.

Section 15: Ethics

WSB employees must discharge their duties impartially in order to ensure a fair and competitive process for all procurements. It shall be a breach of ethics for any WSB employee to participate directly or indirectly in a procurement when:

- I. The employee or any member of the employee's immediate family has a financial interest pertaining to the procurement;
- II. A business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement; or
- III. Any other person, business or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement;
- IV. Any payment, gratuity or offer of employment to be made by or on behalf of a contractor for WSB as an inducement for the award of the contract;
- V. Any employee knowingly utilizes confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any person;
- VI. Any employee utilizes the purchasing power or tax-exempt status of WSB to make a personal purchase for themselves or any other person, despite the intent to reimburse WSB.

Section 16: Cone of Silence

A "Cone of Silence" is imposed upon each RFP, RFQ, or bid after advertising. The Cone of Silence prohibits communications regarding RFPs, RFQs or bids between potential vendors, service providers, bidders, lobbyists, consultants, subcontractors, and WSB board members and/or staff to attempt to influence the purchasing decision. Violation of

the Cone of Silence by any proposer or bidder shall render that proposer's or bidder's RFP, RFQ or bid award voidable.

The Cone of Silence does not apply to oral communications at Bidders Conferences, oral presentation before selection committees, and contract negotiations.

Section 17: Approval Authority and Procedure

- I. Any urgent, suspicious, or extraordinary written requests to purchase or make payment; by the CEO or department head, must have a second verification and approval by the Deputy Director before any action is taken. Approval may be verbal or written.
- II. Micro-purchases (up to \$10,000.00) and payments to vendors up to \$25,000 may be made utilizing the P-Card, depending on the limits imposed on individual users, and shall be made in accordance with the process thresholds set forth in this policy.
- III. Micro-purchases up to \$10,000.00 not paid via the P-Card must be requested via a check request approved by the Department Head.
- IV. Requisitions for purchases over \$10,000.00 shall be completed electronically via the Accounting System. The requisition shall include the purpose and necessity of the purchase and be accompanied by backup documentation including quotes, descriptions, and any additional information relevant to the purchase. The requisition shall be routed for approval based on the following types and thresholds:
- V. Purchases over \$10,000.01 but less than \$100,000.00 must be submitted by the Department's designee, approved by the Comptroller and routed to the Fiscal Administration Department for processing.
- VI. Purchases over \$100,000.01 but less than \$250,000.00 must be submitted by the Department's designee and approved by the CEO or an appointed designee and routed to the Fiscal Administration Department for processing.
- VII. Purchases or agreements over \$250,000.01 in the aggregate shall be presented to the CEO for approval. Upon approval by the CEO, the Department Head, or designee, must submit the requisition and route to the Fiscal Administration Department for processing.
- VIII. Purchases over \$1,000,000.00 in the aggregate shall be presented to the Board of Directors or the Executive Committee for approval. Upon approval, the CEO shall sign and execute the contract and forward to the Fiscal Administration Department for processing.
- IX. In the absence of the Department Head or Contract Administrator, the CEO and Comptroller, in absence of CEO, may override the electronic requisition process and provide final approval for all purchases under \$1,000,000.
- X. In accordance with the Partnership Agreement, the Chief Elected Official will be notified of purchases over \$2,000,000.00.

Section 18: Reporting

Contracts over \$250,000.01 will be reported to the Board of Directors at a regular public meeting of the Board or Committee.

Section 19: Authority

41 U.S.C. §43; 2 CFR 200 Subparts A-F; 29 CFR §97.36; UGMS Part III 4.36(d)(1); 45 CFR §92.36(d).

Subsection 1.3 External Fiscal Integrity

Section 1: Purpose

This policy provides guidance for appraising the fiscal integrity of Workforce Solutions Borderplex workforce service providers. *Chapter 14 of the Texas Workforce Commission's Financial Manual for Grants and Contracts* provides guidelines for the procurement of goods and services using public funds, with specific information relating to pre-award review procedures found in §14.18, *Pre-Award Review*. Local Workforce Development Boards must conduct a fiscal integrity evaluation prior to awarding a contract and any time subsequent to award, as mandated by the *Texas Administrative Code, Title 40, Part 20, Chapter 802, Subchapter B §802.21*.

Section 2: Scope

The fiscal integrity evaluation shall include provisions for ensuring that workforce service providers are meeting performance measures in compliance with requirements contained in:

- I. Federal and state statutes and regulations and directives of the Texas Workforce Commission's three-member Commission or Agency
- II. *Code of Federal Regulations (CFR), Title 2 CFR 200, Subparts A, B, and E* and the *Uniform Grant Management Standards*; and
- III. Any other safeguards a Board has identified that are designed to ensure the proper and effective use of funds placed under the control of its workforce service providers.

The fiscal integrity evaluation shall also include the review and consideration of the prospective or renewing workforce service provider's prior three-year financial history before the WSB awards or renews a workforce service contract. The review shall include any adverse judgments or findings, such as administrative audit findings; Commission, Agency, or Board monitor findings; or sanctions by a Board or court of law.

The fiscal integrity evaluation may include provisions such as accounting for program income in accordance with federal regulations, resolving questioned costs and the repayment of disallowed costs in a timely manner, and safeguarding fixed assets.

Section 3: Definitions

Workforce Service Provider: An entity or individual under contract with a local workforce development board to operate: 1) one or more Workforce Solutions Offices, or 2) one or more programs (e.g. child care) or components of one or more programs (e.g., issuing checks for youth participating in summer employment or performing child care billing).

Section 4: Policy

Fiscal integrity evaluations will be conducted in accordance with *Texas Workforce Commission's Financial Manual for Grants and Contracts, Texas Administrative Code, Title 40, Part 20, Chapter 802, Subchapter B §802.21*, circulars applicable to the entity, such as *2 CFR 200, Subpart A, B & E*, and the *Office of the Governor's Uniform Grant Management Standards*, and all other related federal and state rules and regulations. Fiscal integrity evaluations are required for all workforce service providers contracted directly with WSB. As defined in *TAC Rule §802.2 (15)*, a workforce service provider is: "An entity or individual under contract with a Board to operate:

- I. one or more Workforce Solutions Offices; or
- II. one or more programs (e.g., Child Care) or components of one or more programs (e.g., issuing checks for youth participating in summer employment or performing Child Care billing)”.

The fiscal integrity evaluation required by *40 TAC §802.21* can be accomplished by relying on the work of other reviews, audits, or examinations, to the extent that such work meets the rule’s stated objectives and requirements. Where the previous work only partially meets the rule’s objectives and requirements, additional work is required prior to making the award, but may build upon work performed for the other reviews, audits, or examinations.

To meet the intent of the purpose for the fiscal integrity evaluation, the work of a review, audit, or examination that will be relied on to satisfy performance of the fiscal integrity evaluation will need to have been performed within the last few months of the contract that is being considered for renewal, or for a new contract, within a few months prior to the contract’s start date (i.e., *40 TAC §802.21* requires that the evaluation be performed prior to award and at each renewal).

CHAPTER TWO: Fund Accounting

Subsection 2.1: Fund Accounting

Section 1: Purpose

Workforce Solutions Borderplex (WSB) a Non-profit 501(c)(3) Corporation, whose Financial Statements are prepared using the economic resources measured focus and accrual basis of Governmental Fund Accounting. This document will set forth the accounting methodology and establish the guidelines and limitations set by the General Accepting Accounting Principles (GAAP), Financial Manual for Grants and Contracts, Uniform Grant Management Standards (UGMS), and Code of Federal Regulations Title 2 (2CFR Part 200) that WSB adheres too.

Section 2: Scope

This policy applies to all Board employees involved in the initiation, processing, and/or authorization of any segment of the fund accounting cycle. All personnel are expected to be aware of and adhere to the policies in the manual. This policy applies to all funds owned and administered by WSB. To the extent of a truthful and faithful representation of the Government Wide Financial Statements.

Section 3: Definitions

A 501(c)(3): Is an organization whose tax exempt for federal income tax purposes. As defined by the Department of Treasury Internal Revenue Service “An organization that normally receives a substantial part of its support from a governmental unit or from the general public ...”.

Fund: A self-balancing set of accounts.

Form 990: “Return of Organization Exempt from Income Tax” for the Internal Revenue Service.

Statement of Financial activities: Income Statement

Statement of Financial position: Balance Sheet

Section 4: Policy

The fiscal- year period of WSB is from October 1st through September 30th. A full set of financial statements is prepared at the end of the year which consist of Statement of Financial Position, Statement of Financial Activities and Notes to the Financial Statements. The financial statements explain how services were managed in the short term as well as what remains for future spending. The statement of net position includes all the government's assets and liabilities. All revenues and expenditures are accounted for in accrual basis in the statement of activities. WSB is required to submit the annual Form 990 to the Internal Revenue Service (IRS) by March 31, unless an extension is filed and granted by the IRS.

Funds shall be established as complete and independent isolating its own assets, liabilities, and net assets. WSB funds are received from state, federal and private sources such as, but not limited to: U.S. Department of Labor (DOL), Texas Workforce Commission (TWC), Health and Human Service Commission (HHSC), Child Care and Development Fund (CCDF), State General Revenue, etc... The fund restrictions and reporting requirements are set by donors, board or fund provers.

Subsection 2.2: Cash Management

Section 1: Purpose

This section will establish the internal controls of cash receipts, cash disbursement and its fragments utilized by WSB. It outlines the use of Program Income derived from Private Sector and the U.S. Department of Labor (DOL), Texas Workforce Commission (TWC), Health and Human Service Commission (HHSC), Child Care and Development Fund (CCDF), State General Revenue, etc...

Section 2: Scope

This policy sets forth the rules and regulations of cash management and is set to apply to all employees responsible of fulfilling cash activities and safeguarding of the Organization funds. WSB reserves the right to change and/or partially or completely modify the policy at any point in time and take into effect immediately.

Section 3: Definitions

Excess cash: Cash balance not to exceed three days' need.

Program income: Money used to support the program that generated it and within the contract period in which it was earned.

Section 4: Policy

WSB will adhere to the General Accepting Accounting Principles (GAAP), Financial Manual for Grants and Contracts, Uniform Grant Management Standards (UGMS), and Code of Federal Regulations Title 2 (2CFR Part 200) requirements for the money granted by Texas Workforce Commission (TWC), following an excess cash limit.

- I. **Note:** *The WSB reserves the right to set additional requirements for private and public sector funding.*

Cash Management is responsible for monitoring bank activity, processing and record keeping of deposits and disbursements to effectively manage the cash balances within the statement of cash flows.

Section 5: Monthly Reconciliation

A monthly Revenue reconciliation is performed for all revenue accounts including, but not limited too Federal Revenue, State Revenue, Interest, Private Sector Revenue, Miscellaneous Revenue, Donations & Contributions, Matching Funds, Contributions/ Donations Revenue, and Gain/ Loss on sale of assets.

Section 6: Revenue Reporting

A monthly reconciliation is performed at the end of the month to ensure money requested from CDER is the same as what is booked at the WSB Accounting System Records.

Section 7: Excess Cash

A monthly reconciliation that compares revenue against expenditures in order to ensure that there is no excess cash from the 3 days need which only applies to TWC grants that have been requested.

Section 8: Cash Receipts

Sources could be but are not limited to Cash, Checks, Money Order and Direct Deposits. Receipts in the amount of \$5,000 or more will be deposited on the same day.

- II. **Cash Deposits:** Initial collection of funds shall be monitored through a ledger upon receipt by the Fiscal Administration Department. A distinct employee will be responsible to safeguard and deliver the funds into the designated account; to conclude the deposit it is recorded as a transaction in the accounting system.
- III. **Direct deposits:** Derived from Funds requested through private, public and governmental entities like TWC Cash Draw and Monthly Expenditure Reporting System (CDER), TVC, DOL, etc.
 - After funds requested are received, they are to be electronically transferred to WSB designated bank account.

Section 9: Cash Disbursements

Recording: The recording of the funds shall include but is not limited to the date and time the transaction was made, Contributor/ Grantor of funds, and a brief description of what the funds will be used for in the deposit.

Timing: Cash Management transactions including cash receipts and disbursements will be reconciled in a monthly basis in the bank reconciliation. *Reference bank reconciliation.*

Subsection 2.3: Check and Automated Clearing House Signature Authority

Section 1: Purpose

To Establish proper authorization of checks and Automated Clearing House (ACH) payments.

Section 2: Scope

This policy sets forth the rules and regulations of Check and ACH Signature Authority and is set to apply to all employees responsible of fulfilling Check disbursements. This policy applies to all bank accounts held by WSB.

Section 3: Policy

Check and ACH signature Authority is responsible to ensure proper procedures for clearing and receipt of checks is being followed by establishing the rules and procedures. For vendors and employees being paid by paper warrant (check), WSB has adopted the following approval and signature requirements:

- I. Signature Requirements Accounts Payable Checks:
 - i. Less than \$50,000.00
 - a. Two signatures (inked, Stamped, or electronically printed) by the Chief Executive Officer, or official designee, and Board of Directors Chair.
 - ii. More than \$50,000.00
 - a. Two signatures (inked, stamped or electronically printed) by the Chief Executive Office, or official designee, and Board of Directors Chair.
 - b. Chief Executive Officer or Comptroller initials.
- II. Signature Requirements payroll checks:
 - i. Signature of the Chief Executive Officer or Comptroller in absence of CEO.

Section 4: Restrictions

The signing and stamping of blank checks and drawing checks to “cash” or “Beam” is strictly prohibited.

Subsection 2.4: Bank Reconciliation Policy

Section 1: Purpose

It is the policy of Workforce Solutions Borderplex (WSB) that all incoming or outgoing funds to WSB’s bank accounts be recorded in the general ledger on a timely basis. Monthly bank reconciliation is essential to prevent fraud and to ensure WSB funds are handled with fiscal and fiduciary responsibility.

Section 2: Scope

Bank account reconciliation is a key component of good controls over cash and should be done in a timely manner. Reconciling the bank statement balance with the book balance (general ledger) is necessary to ensure that

- (1) all receipts and disbursements are recorded (an essential process in ensuring complete and accurate monthly financial statements);
- (2) checks are clearing the bank in a reasonable time;
- (3) reconciling items are appropriate and are being recorded; and
- (4) the reconciled cash balance agrees to the general ledger cash balance.

Section 3: Definitions

Bank Statement: A paper or electronic record of all financial activity for the prior month provided by the bank for each account.

General Ledger: The main accounting book or record for an entity which includes accounts for assets, liabilities, revenue, expense, gains and losses.

Reconciling Item: Any activity on either the bank statement or the general ledger but not recorded in the other. Examples include:

- I. Bank not Book – this is an unmatched bank line that represents a deposit/withdrawal that appears on the bank statement but no on general ledger
- II. Book not Bank – this is an unmatched book line that represents deposit/withdrawal on general ledger but not on bank statement

Bank account reconciliation: Process of confirming that the bank statement is valid and accurate, that transactions are reflected properly in the general ledger account and that the ending balance on the general ledger account is accurate. Any differences should be identified, reconciling items investigated, and balances adjusted appropriately.

Bank account reconciliation summary: A one-page summary with all bank accounts that shows the bank balance, and all reconciling items.

Section 4: Policy

The Fiscal Administration Department will develop and maintain documented procedures for reconciling each bank account held by WSB.

Each bank account will be reconciled on a monthly basis and due by the tenth of each month for the previous month.

The designated staff will work together with cash management to identify and resolve reconciling items on a timely basis. Any unmatched book/bank lines or other reconciling items should be corrected within 90 days of the reconciled month.

Bank account reconciliations will be prepared by a designated staff and approved by the Comptroller. Their signatures on the bank account reconciliation summary will confirm that current procedures were followed, and that the reconciliation accurately presents the status of the account at the bank as well as on the general ledger. The original bank account reconciliation summary will be filed in a central file in the Fiscal Administration Department. Both hard copy and electronic files will be maintained in accordance with Uniform Grant Management Standards (UGMS) and will be made available upon request.

Subsection 2.5: Cost Allocation Policy

Section 1: Purpose

The purpose of the Cost Allocation Policy for WSB is to ensure all expenses incurred by the organization are consistently and appropriately designated to their functional expense categories (administrative and program services) to allow for an accurate representation of the true program costs of the organization.

Section 2: Scope

This policy applies to the distribution of costs related to the operation of Federal and State programs. WSB is responsible for ensuring that all indirect costs are allocated equitably to various programs administered by the Board as required by program guidelines and in accordance with TWC's *Financial Manual for Grants and Contracts*.

Section 3: Definitions

Cost pool: The accumulated costs that jointly benefit two or more programs or other cost objectives. Indirect cost pool expenditures. This process achieves a complete distribution of expenses to program areas and provides the organization with an accurate understanding of true program costs.

Direct Costs: Direct costs are those costs that can be identified specifically with a final cost objective, or services that benefit specific projects.

Indirect Costs: Indirect costs are simply those costs that are not tied to any specific purpose or functional area

Indirect Cost Adjustment: Is a quarterly adjustment of indirect costs that have been allocated in prior months to give each fund its equitable share of the indirect cost pool as determined using an appropriate allocation basis.

Indirect Cost Rate: It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base.

Section 4: Policy

WSB will endeavor to charge as many costs as possible to direct costs. Only costs which cannot be appropriately accounted for and directly identified with a specific program will be charged to an approved cost pool and cost allocations will be conducted on a monthly basis.

The following are examples of established cost pools but are not limited to:

- I. Board Administrative Cost Pool
 - i. Allocable costs in this pool include expenses incurred by the Board and its capacity as administrative and fiscal entity.
- II. Workforce Center Cost (Facilities) Pool
 - ii. Allocable costs in this pool include expenses incurred for the maintenance of the Workforce Centers and their infrastructure.
- III. Business Services Cost Pool
 - iii. Allocable costs in this pool include expenses of business services, recruitment services, employment services, and call center services.
- IV. Indirect Cost Adjustments will be performed at the end of each fiscal year quarter. Expenditures which are over or under the Board Indirect Cost Rate

will be adjusted in accordance with the last federally negotiated Indirect Cost Rate Agreement, if applicable.

V. If a negotiated indirect cost rate exists, the Modified Total Direct Cost (MTDC) type will be used:

iv. According to §2 CFR 200.68, MTDC is composed of the following:

MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and subcontracts up to the first \$25,000 of each subaward or subcontract (regardless of the period of performance of the subawards and subcontracts under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward and subcontract in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

VI. If there is no negotiated indirect cost rate, the 10% De minimis rate will be used:

v. *As described in §2 CFR 200.403 Factors affecting allowability of costs, costs must be consistently charged as either indirect or direct costs but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all Federal awards until such time, unless WSB chooses to negotiate for a rate.*

Subsection 2.6: Contract Policy

Section 1: Purpose

Entering into a contract exposes WSB resources and employees themselves to certain statutory and legal risks because all contracts create legally binding obligations. Employees intending to enter into a contract with an outside party shall adhere to established procedures in order to protect WSB and themselves against this risk exposure. The dollar value of the goods or services does not have a direct relationship to the amount of potential risk. It is the type of activity or product, not the overall expense, which determines the potential risk.

Section 2: Scope

The following policy is intended to provide employees with a framework for understanding the specific types of contracts, review process, signature authority and insurance required before a contract may be executed on behalf of WSB.

Section 3: Definitions

Contract: A contract is a legally enforceable agreement, lease or license between two or more parties.

Procurement and Contracts Agent: The employee(s) that perform(s) the procurement and contracts responsibilities and functions.

End User/Purchaser: the person buying the goods or services and who will be using the goods and services.

Section 4: Contract Request

The End User shall submit a contract request to the Procurement and Contracts Agent (Agent). The Agent will review the submitted information and provide guidance to the End User regarding next steps.

Section 5: Type of Contract

WSB has identified two types of contracts, (1) those on established WSB Templates and (2) contracts submitted by an outside party. In addition to the above-listed contract types, the Federal Acquisition Regulation (FAR), identifies the following contract types:

- I. Fixed price contracts (48 CFR Subpart 16.2)
- II. Cost-reimbursement contracts (48 CFR Subpart 16.3)
- III. Incentive contracts (48 CFR Subpart 16.4)
- IV. Indefinite-delivery contracts (48 CFR Subpart 16.5)
- V. Time-and-Materials, Labor-Hour, and Letter Contracts (48 CFR Subpart 16.6)

Section 6: Preparing the Contract

The Procurement and Contracts Agent will draft all formal contracts using the contract template, the end user may draft simpler agreements such as the Letter of Agreement (LOA).

Section 7: Review

The Procurement and Contracts Agent will review all contracts, whether on a WSB Template or on an Outside Party's Contract and may seek guidance from WSB's Lawyer. The end user shall also review the contract, followed by the contracting party. The Contract Templates have a "Department Review" signature block on the last page for the individual responsible for entering into the agreement to sign. Turnaround time is two (2) weeks for the contract to be reviewed.

Section 8: Execution of Contracts

The Procurement and Contracts Agent or a designee will send out the Contract for signature using the electronic signature system or the contracting party's preferred method. All involved parties or individuals will receive a copy of the fully executed contract.

Section 9: Contract Management

The End User is the Contract Manager and is responsible for the oversight of the contract including compliance, performance and budget management.

Section 10: Changes to Contracts

Any change, amendment or modification to a Contract is only effective if it is in writing and signed in accordance with WSB's Signature Policy or in accordance with the provisions of the Contract.

Subsection 2.7: Signature Policy

Section 1: Purpose

The purpose of this policy is to promote WSB's internal control environment through specifying the person(s) who are authorized to approve (sign) a commitment, including

purchasing and contracting activities by staff members. Goods and services purchased with WSB funds must be necessary, reasonable and allocable to WSB business and the advancement of its mission. WSB funds are received from a variety of sources that carry with them fiduciary responsibilities. Proper stewardship of WSB funds is the responsibility of all employees involved in procurement transactions.

Section 2: Scope

This policy applies to all WSB departments and staff who seek(s) to approve a commitment on behalf of the organization.

Section 3: Definitions

Contract: A contract is a legally enforceable agreement, lease or license between two or more parties.

Signatory: someone who signs and is bound by a document such as a contract

Executed Contract: An executed contract is a legal document that has been signed off by the people necessary for it to become effective.

Section 4: Signatory Authority

WSB officials designated by this Policy are authorized to execute Contracts and other written instruments on behalf of WSB. Any Contract or agreement executed by a person not authorized to do so by this Policy is not binding on WSB. An employee who signs a contract that he or she is not authorized to sign is acting outside the scope of his or her employment and may be personally liable for any resulting liability or obligation. Employees executing contracts and other written instruments on behalf of WSB are responsible for ensuring that they have authority to act on behalf of WSB and that such authority is exercised in compliance with applicable conditions, restrictions and guidelines. The exercise of signature authority provided by this Policy is subject to all applicable Financial Manual for Grants and Contracts (FMGC) regulations and to any special instructions or guidelines issued by the Chief Executive Officer (CEO), and Comptroller.

Section 5: Digital Signatures

Use of digital signatures is encouraged on WSB documents as part of its regular business including the obligation of contractual funds. Contracts, contract modifications, agreements may be executed manually or electronically via digital signature.

Section 6: Signatory Guidance

Employees at WSB have authority to purchase goods and services directly with suppliers via procurement cards and requisitions in accordance with Procurement Policy and Procurement Card Policy. If a contract or agreement is necessary under \$10,000, the department manager may sign the document. No supplier work may begin before a contract is executed or purchase order issued.

The individual who approves any transaction which constitutes a commitment between WSB and a Non-WSB party is responsible and accountable for ensuring that:

- I. He or she has the authority to approve the transaction;
- II. Where required, institutional review and approval has been obtained before any commitment is made;
- III. Where appropriate, the transaction, proposal or agreement includes the appropriate standard provisions recommended by WSB procurement policies;

- IV. Funds for the transaction have been allocated or are otherwise available within regularly approved budgets, special appropriations, or restricted or designated accounts;
- V. There is no real or apparent conflict of interest on the part of the approving individual or any other individual or organization involved in the transaction or, where a real or apparent conflict of interest does exist, the issues have been resolved prior to entering the transaction or contract as provided for by WSB policy.

These guidelines are designed to address transactions that occur in the normal course of business. Transactions or expenditures that are normally accumulated for approval should not be separately approved to avoid a higher approval level.

All contracts or agreements should be reviewed by the Fiscal Administration department before execution and approved by the CEO or the Comptroller in absence of CEO.

The CEO and Comptroller, in the absence of CEO, are authorized to execute contracts and agreements over \$10,000.00.

Subsection 2.8: Property Management

Section 1: Purpose

This policy communicates the Workforce Solutions Borderplex (WSB) Local Workforce Development Board (LWDB) policy and operational guidance regarding the acquisition, management, and inventory of property, other than real property under federal funds.

Section 2: Background

Public Law 113-128 Section 184(a)(2)(A) requires each state, LWDB, and service provider receiving funds under federal grant funds to comply with applicable uniform cost principles, including Uniform Grant Management Standards (UGMS). This policy will address how to ensure the management and inventory of all properties obtained using federal funds.

This policy applies to capital assets, but not real property (i.e., land and buildings). Furniture, fixtures, software, or other "equipment" not an integral part of a building and with a unit acquisition cost of \$5,000 or less is not considered property and is to be classified as supplies. Capital assets may not be purchased above \$5000 per unit without prior TWC authorization.

Section 3: Definitions

Acquisition Cost: The cost of the asset including the cost to put it in place. Acquisition cost for equipment means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it was acquired. Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in, or excluded from, capital expenditure cost in accordance with the organization's regular accounting practices.

Capital Expenditure: Cost of the asset, including the cost to put it in place. Capital expenditure means the net invoice price of the equipment, including the cost of any

modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it was acquired.

Equipment: An article of non-expendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals the lesser of (a) the capitalization level established by the organization for financial statement purposes, or (b) \$5,000.

Expendable property: Any tangible personal property, such as office supplies and excluding equipment which has a life of one year or less and a unit acquisition cost of less than \$5,000.00.

Intangible Property: Personal property having no physical existence such as copyrights, patents, or trademarks.

Non-expendable property: Any tangible personal property such as equipment or furniture which has a useful life of more than one year and a unit acquisition cost of \$5,000.00 or more.

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

Real Property: Land and buildings including any improvements to them and excluding any moveable machinery or equipment.

Supplies: All tangible personal property with an acquisition cost less than \$5,000.00 regardless of the length of its useful life. EX: A computing device is a supply if the acquisition cost is less than the threshold established by the Board.

Section 4: Policy

Individuals and organizations must adhere to the property management standards established in Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Subpart D-Post Federal Award Requirements, Property Standards (2 CFR 200).

All recipients and sub-recipients must conform to specific policies and procedures to ensure the management and inventory of the property obtained with federal grant funds.

Section 5: Management and Inventory

Each subrecipient, with whom the Texas Workforce Commission (TWC) has contracts or agreements with, will designate an administrative staff person to serve as Property Control Officer (PCO).

To maintain enough internal control over property, the Staff assigned that will conduct the physical inventory should have no responsibilities for entering or reporting the property. PCO must complete all necessary updates for fixed assets inventory before year-end closing and place a printout of fixed assets with other necessary documents in the inventory file. The fixed asset report must be equal to or reconciled with the general ledger accounts and be verified by the PCO.

Section 6: Inventory Log

WSB will retain property records that provide:

- I. A description;
- II. The serial and model number or other identification number (inventory tag);
- III. Source of the property, including grant/agreement number;
- IV. Acquisition date and cost;
- V. Location, use, condition, and last inventory date;
- VI. Disposal date (if applicable); and
- VII. Percent of federal participation in the project that purchased the property.

Information Technology (IT) and Real Estate Custodians Property is separated into two different areas:

- I. IT (Equipment related to technology)
- II. Real Estate (Furniture and other equipment)
- III. Each area has a Custodian and he/she shall be responsible and required to sign for property in their possession located in all centers and complete an annual inventory.

Section 7: Acquisition & Use of Equipment

Equipment shall only be acquired with the prior approval of TWC requested by completing form 7100 and submitting by mail or fax to TWC designated contract manager. Approval is valid for 90 days after issuance. Form 7200 must be submitted no later than 30 days after completing the final acquisition of the approved property. Forms 7100 and 7200 are required for all equipment purchases and must be submitted to TWC.

Section 8: Property Records

WSB shall keep documents relating to purchase, lease, and use of property throughout the period of use and a minimum of three years after disposition.

Section 9: Adequate Safeguards

WSB employees and Subrecipients will report to property custodians within 24 hours of any theft, loss, or damage to property items. WSB may hold its employees and Subrecipients liable for any damaged, stolen, or lost equipment. All thefts must also be reported to the local authorities.

Additionally, all necessary insurance claims must be filed immediately. WSB shall maintain all related documentation including insurance claims, police reports or other relevant documentation. Any insurance proceeds must be placed back into the benefiting program/contract and cost category immediately upon receipt.

Section 10: Sales

The sale of property will be advertised via office postings and other public media. To provide for maximum competition and achieve the highest rate of return, WSB will survey current market conditions and determine a fair market value in exchange for the item requiring sale. Records and documentation of research conducted, and final transactions shall be maintained in accordance with this policy.

Section 11: Disposition of Equipment

Equipment is to be used in the program for which it was acquired for as long as it is needed. It may be used for other Federal/State funded activities. WSB will dispose of it in accordance with written instructions requested from and provided by TWC.

- I. For equipment that has a current per unit fair market value (FMV) less than \$5,000 no prior written approval is needed for disposal. For equipment with a current per unit fair market value (FMV) of \$5,000 or more Form 7300 must be filed and submitted to the TWC designated contract manager to request written approval for disposition.
- II. The property must be disposed of in accordance with the written instructions provided by TWC in response to the Form 7300 request. Form 7400 must be submitted to the TWC designated contract manager no later than 30 days after final disposition.
- III. When acquiring replacement property, WSB may use the equipment to be replaced, as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property utilizing methods to ensure the highest possible selling price. Approval through Form 7300 must be obtained prior to the trade-in or selling of equipment.

After all efforts have been made to dispose of any non-repairable property by either selling, transferring, donating, repairing or other means, the property may be destroyed. The PCO shall maintain record of all disposed equipment.

Section 12: Property Insurance

WSB shall maintain adequate insurance on all property purchased with grant/contract funds for as long as the property is kept. All property insurance contract agreements shall be properly procured.

Subsection 2.9: Procurement Card

Section 1: Purpose

The purpose of the Procurement Card (P-Card) is to facilitate the requisitioning, purchasing and payment of generally small dollar transactions. The P-Card is designed to reduce the administrative process time related to purchase requisitions, purchase orders, and check processing to expedite payment. The P-Card allows cardholders to conduct business purchases of low dollar goods, services and employee travel expenses. All WSB credit card purchases made for travel must adhere to the Travel Policy.

Section 2: Scope

This policy applies to any employee who initiates or approves transactions involving the P-Card. The objectives include:

- I. Streamlining the expense approval process
- II. Reducing the need for costly check production, invoices, etc.

Section 3: Definitions

Approval Period: The three days after the grace period in which the P-Card Approver must review, edit, and approve the statement of their designated P-Card holder.

Authorized Cardholder/User: The individual employee whose name is printed on the card and authorized by the WSB to make purchases using the P-Card. Cardholders are always accountable for all charges and physical security of the card.

Cardholder User Agreement: A legally binding agreement signed by the Cardholder that is a part of the P- Card Application. The agreement certifies the Cardholder has read and understands the guidelines set forth in the P-Card Policy and agrees to use the card in accordance with this policy.

Download Period: The five days allotted after the approval period that the P-Card Administrator must download all the billing cycle activity.

Expense Delegate: An employee authorized to prepare and edit receipts and reconcile on behalf of the individual seeking reimbursement.

Grace period: All Card holders are given one extra day to reconcile their p-card, known as a one-day grace period. Regardless of weekend, Bank Holiday or U.S. holidays.

Micro-purchases: Procurement transactions in the amount of \$10,000.00 or less that would otherwise be processed through a purchase order or check. Payments to vendors up to \$25,000 may be made utilizing the P-card depending on the limits imposed on individual users and shall be made in accordance with the process thresholds set forth in this policy.

Monthly Billing Cycle: The timeframe in which all cardholder transactions are aggregated and applied to the cardholder's monthly spending limit. The Wells Fargo Bank monthly billing cycle ends on the 20th of each month.

Monthly Spending Limit: The total dollar value of all transactions charged to a card within a single, monthly billing cycle. The P-Card Administrator approves the monthly limit on the P-Card application during the application process. Monthly spending limits reset the day after cycle closes.

P-Card: A purchasing card (also abbreviated as P Card or P-Card) is a form of company charge card that allows goods and services to be procured without using a traditional purchasing process.

P-Card Administrator: The Comptroller or his/her designee in the Fiscal Administration Department is responsible for setting up authorized users and maintaining limit amounts on the P-Card. This individual also handles the posting of monthly P-Card transactions.

P-Card Approver: The individual employee authorized by the Comptroller to approve statements and manage the P-Card program within that department. Approver is responsible for ensuring that all transactions are recorded accurately and comply with applicable WSB and departmental policies.

PCM Form: P-Card Account Management Form used to request initial set-up for P-Card users and for any changes thereafter to cardholder. This form is required to be completed, signed and submitted to the P-Card administrator in order to make changes to the P-Card user account.

Reconciliation Period: The three days that fall after the Statement end date, if the 20th falls on a weekend or banking holiday, the reconciliation period will begin the next business day. Regardless of weekend, Bank Holiday or U.S. holidays.

Statement end date: Otherwise known as the billing cycle end, this day will always be the 20th of every month. Regardless of weekend, Bank Holiday or U.S. holidays.

Supporting Documentation: An itemized receipt issued by the merchant that provides proof of purchase. This receipt should include:

- III. Reasonable explanation if Vendor is not on Vendor list. Please reference subsection 1.2 ; section 6.
- IV. Merchant information – name, address, phone, etc.
- V. Date of the transaction
- VI. Itemizations of goods/services purchased
- VII. Proper descriptions- if no description is available a picture of the product is allowable
- VIII. Copy of printed marketing material
- IX. Total amount paid
- X. Form of payment (last 4 digits of the card)

Transaction Limit: The total dollar amount the cardholder may expend on a single transaction. A single transaction can include one item or multiple items purchased at the same time, also known as “per swipe.” Transactions exceeding a cardholder’s transaction limit will result in a transaction decline.

Section 4: Use of P-Card

- I. The establishment of the P-Card system does not circumvent the current purchasing policies and procedures already in place. It is designed to be used to expedite small dollar transactions and complement the current procurement system.

Section 4: Use of P-Card

- I. The establishment of the P-Card system does not circumvent the current purchasing policies and procedures already in place. It is designed to be used to expedite small dollar transactions and complement the current procurement system.
- II. Authorization from the department head must be obtained prior to incurring the charges. Approval can be granted verbal or written.
- III. The P-Card can be used at any valid merchant that accepts Visa, except as WSB directs. It may be used for in-store purchases, as well as by online, phone or fax purchases.
- IV. Each authorized user will be issued a P-Card in his/her own name. The P-Card shall only be used to conduct business on behalf of WSB and will not be used for any personal purpose of any type. The authorized user is the only individual that may use the P-Card issued to him/her and the card cannot be transferred from one employee to another.
- V. Each individual user is responsible for the security of their assigned card and any purchase on their account. In the event of a lost or stolen card or fraudulent transactions, the authorized user must report it immediately to Wells Fargo Customer Service and the P-Card Administrator.
- VI. All departments must ensure that there is a budget established for all expenditures associated with the P-Card prior to any purchase being made. Each department is responsible for their budgetary limits.
- VII. Each P-Card has an assigned credit limit and there may be additional limits placed on each individual card including single transaction limits, merchant and category use limits. A purchase may not be split in order to avoid the single transaction limit.

Multiple small purchases from a single vendor or to purchase a common good or service, when aggregated over a period of time, and are expected or anticipated to. Department Heads may request lifting of individual limits for special or isolated events.

- VIII. Individuals violating the policies and procedure established under this P-Card could be considered a misappropriation of funds and may result in revocation of card privileges or other disciplinary action up to and including termination of employment. WSB may require individuals found to have violated the P-Card policy to reimburse WSB for unauthorized purchases made with the P-card. Failure of the individual to reimburse WSB for unauthorized purchases upon request may result in possible permanent revocation of the P-card privilege, garnishment from their paycheck, and/or subject to disciplinary action up to suspension or possible termination. Employees that exhibit a pattern of mistakes in utilizing the P-card for personal expenses, regardless of compliance with reimbursement, will result if permanent revocation of their P-card privilege.
- IX. The P-Card can be used at any valid merchant that accepts Visa, except as WSB directs. It may be used for in-store purchases, as well as by online, phone or fax purchases.
- X. Each authorized user will be issued a P-Card in his/her own name. The P-Card shall only be used to conduct business on behalf of WSB and will not be used for any personal purpose of any type. The authorized user is the only individual that may use the P-Card issued to him/her and the card cannot be transferred from one employee to another.
- XI. Each individual user is responsible for the security of their assigned card and any purchase on their account. In the event of a lost or stolen card or fraudulent transactions, the authorized user must report it immediately to Wells Fargo Customer Service and the P-Card Administrator.
- XII. All departments must ensure that there is a budget established for all expenditures associated with the P-Card prior to any purchase being made. Each department is responsible for their budgetary limits.
- XIII. Each P-Card has an assigned credit limit and there may be additional limits placed on each individual card including single transaction limits, merchant and category use limits. A purchase may not be split in order to avoid the single transaction limit. Multiple small purchases from a single vendor or to purchase a common good or service, when aggregated over a period of time, and are expected or anticipated to. Department Heads may request lifting of individual limits for special or isolated events.
- XIV. Individuals violating the policies and procedure established under this P-Card could be considered a misappropriation of funds and may result in revocation of card privileges or other disciplinary action up to and including termination of employment. WSB may require individuals found to have violated the P-Card policy to reimburse WSB for unauthorized purchases made with the P-card. Failure of the individual to reimburse WSB for unauthorized purchases upon request may result in possible permanent revocation of the P-card privilege, garnishment from their paycheck, and/or subject to disciplinary action up to suspension or possible termination. Employees that exhibit a

pattern of mistakes in utilizing the P-card for personal expenses, regardless of compliance with reimbursement, will result if permanent revocation of their P-card privilege.

Section 5: Receipts

All receipts from any P-Card purchase must be maintained and scanned with the monthly statement, including receipts for returns or credit memos. Receipts in original soft copy form (ex: via email) do not have to be printed and may be saved, attached and uploaded as backup. Receipts for equipment must include serial numbers for items purchased. All receipts from Vendors not on Vendor List must have Quotation Summary sheet and or at least two quotes (please see Procurement Policy for Further Information) All receipts must be itemized, and any receipt only showing totals will not be accepted. In the absence of a receipt the cardholder will be responsible for the expense, and a reimbursement to WSB must be submitted within 7 business days from the closing of the cycle.

Section 6: Unauthorized Purchases

The purpose of the P-Card is to facilitate the purchase and payment of generally small dollar transactions. Below is a description of purchases that are strictly prohibited:

- I. Tax Payments – Unless Sate Hotel tax or Resort Fees
- II. Travel Agencies
 - i. Including third party travel websites such as Orbitz, Expedia, Hotels.com, etc.
- III. Items for personal use (despite the intent of the employee/user to reimburse the WDB)
- IV. Any single transaction exceeding user’s limit, unless specifically authorized
- V. Cash withdrawals
- VI. Pre-paid phone cards, pre-paid cell phone service
- VII. Country club and/or fitness club memberships
- VIII. Alcohol
- IX. Multiple purchases from a single vendor or to purchase a common good or service, when the aggregate cost is expected or anticipated to exceed the micro – purchasing threshold. (Please reference Subsection 1.2, Section 6)

Exceptions: When paying with the Discretionary Fund account, costs are considered allowable, so long as they acquire pre-authorization from CEO or Comptroller in absence of CEO. Personal expenses are not allowed with any fund.

As with any purchase, the P-Card is not to be used for any product, service or with any merchant considered to be inappropriate for WSB funds. For more information for determining allowability refer to the fund accounting section of the policy.

Section 7: Payment

- I. Unlike personal credit cards, the WSB P-Card is handled as a corporate liability. An individual user’s personal credit history will not be taken into account when a card is issued in their name. WSB Fiscal Administration Department is responsible for paying the P-Card invoice(s) every month. An individual user is not responsible for payment under their account; however, each individual user accepts responsibility for full compliance to the P-Card Policy.
- II. An original receipt must be obtained for all goods and services purchased with the P-Card. If receipts are not collected and maintained with the monthly statement, the

individual user may be held personally liable for the purchase(s). For further information reference Section Receipts under this policy.

Section 8: Reconciliation

A monthly statement will be available to each individual user from the Commercial Card Expense Report (CCER). At the end of each cycle the P-Card cardholder must reconcile the statement per the online process and timeline (reference the definitions section for dates) established by the Fiscal Administration Department.

Section 9: Use of P-Card for Travel

The P-Card is the preferred method of payment for travel related expenses and in accordance with the Travel Policy. Only authorized users may use the P-Card for travel related expenses including hotel, airfare and registration costs. All trips must be approved prior to the departure and all expenses made with the P-Card must be in accordance with WSB's Travel Policy. Per-diem should be paid utilizing the Out-of-Pocket module prior to the travel date. Please see Travel Policy for further information.

Section 10: Out-of-Pocket Expenses

The P-Card system will allow authorized users to be reimbursed for out-of-pocket expenses such as mileage and Per Diem by linking their personal checking/savings account information into the P-Card system. Approved mileage logs and/or original receipts must be provided with the monthly statement. In the event an out-of-pocket payment is not processed, an employee may request an ACH payment. *Reference Travel Policy.*

Section 11: Sales and Use Tax

As a non-profit organization, the WDB is not liable for State of Texas sales tax on any good or service. The authorized user must request of the vendor to not assess tax at the time the purchase is made. If sales tax is assessed, the user is responsible for having the merchant/supplier issue a credit memo to the P-Card account.

Subsection 2.10: Travel Policy

Section 1: Purpose

The purpose of the Travel Policy is to support the productivity and safety of those traveling on Company business, to ensure compliance with external and internal requirements, and to confirm resources are used properly. WSB has established guidelines and standards for staff, and board members, with respect to travel activities for the company. This policy is subject to the rules and regulations extended by the Texas legislature through the 2 CFR Part 200.

This document is intended to cover the most common travel-related situations; where unusual circumstances arise, the spirit of this policy – along with good judgment – should prevail.

General Considerations:

- I. Travelers should neither gain nor lose personal funds as a result of business travel.

- II. Travelers will have necessary approvals and travel documents in order prior to travel.
- III. Employees take responsibility to use grant funds wisely and carefully when traveling.

Section 2: Scope

This policy applies to all employees and guests who travel or book travel on behalf of WSB. Those seeking reimbursement for necessary and reasonable non-compensation business expenses, and those who review, approve, or record financial transactions are subject to the terms of this policy.

Section 3: Definitions

Allowable Expense: A necessary, reasonable, and allocable expense incurred will be allowed to be reimbursed or directly charged based on the permission of the terms of federally or privately sponsored grants

Actual Expenses: Expenses supported by actual detailed receipts.

Employee Travel Advance: Funds allotted to an employee prior to travel.

Emergency Travel: Travel taken by or approved by the CEO or Supervisor for conducting of business in an emergency.

Expenses Reconciliation: The process of matching the projected expenses from those that were actually incurred.

Local/Regional Travel: Any same day or 2-day travel to locations within WSB service area.

Mileage Rate: The General Services Administration (GSA) annual standard mileage rate for business travel.

P-Card Purchases: Any purchase made by the employee/authorized user with their P-Card for any necessary and reasonable expenses incurred as part of an authorized trip.

Per-Diem Allowance: The General Services Administration (GSA) daily monetary allowance for meals and incidentals for each city.

Reimbursement: Funds paid to an employee upon returning from travel when actual expenses exceed the amount advanced.

Refund: Any advance in excess of actual expenses which must be returned to WSB by the employee.

Travel Request: Form prescribed which is utilized to estimate and reconcile travel expenses for each trip.

Section 4: Policy

Each department is responsible for planning, coordinating, and approving employee travel within their department operating budget. The company requires travelers to document a business purpose and secure approval from supervisor to travel prior to committing funds or incurring expenses. Failure to adhere to this policy may result in the company's refusal to reimburse the employee(s) for any costs associated with any trip. Commuting to and from work is not an allowable business travel expense.

Depending on available resources, and office coverage, the CEO or Comptroller in absence of CEO, have the discretion to allow or limit a group of employees to attend the same conference, meeting, or event.

Employee shall make every effort to book the best times, flights, routes, accommodations necessary to conduct official business.

Vacation may be taken in conjunction with travel on official business at no additional cost to WSB provided the employee requests and receives prior approval. A spouse or other members of an employee's family may attend a conference or meeting given none of their expenses are covered by WSB. The employee must separate and pay family and/or vacation time expenses at the time of check-out and prior to the p-card statement reconciliation.

In instances where use of personal automobile is allowed for the convenience of the employee, lodging, meals, and incidentals will be permitted at the applicable per diem rate.

Upon completion of travel, the employee must fully reconcile the Travel Request Form, to include supervisor review and approval, and attach all receipts to the CEO Wells Fargo portal before the end of the statement period. In circumstances where a non-P-card user incurs expenses during a trip, they are required to fully reconcile the travel request form to include supervisor review and approval.

After reconciliation, a second signature is not required unless it is an extraordinary expense.

Section 5: Per Diem Rate

Employee travel advances will be issued at the daily monetary allowance for meals and incidentals per the GSA fiscal year per diem rates. Full day per diem will be issued for any El Paso outbound departure before 6:00 pm MST. Per diem will not be approved/issued for any El Paso outbound departure after 6:00 pm MST. If an overnight stay is necessary to conduct business beyond the conclusion of a conference, meeting, or event, per diem will be issued for a full day.

Section 6: Methods of Payments for Travel

1. Generally, there are two (2) ways to pay for travel expenses; P-Card and direct check/ACH payment.
2. All registration, conference fees, airline, car and hotel accommodations should be made using the P-Card. Each employee is responsible for the travel arrangements and expenses made with their card. If more than one employee is traveling, one P-Card holder may book all travel for the group to his/her P-Card to expedite the process.
3. Any and all travel expenses paid with the P-Card must include all corresponding receipts and Travel Request Form to the respective statement.
4. Per diem payments are issued via the P-Card Out-of-Pocket module. Any amount spent in excess of the allowable per diem rate will be the responsibility of the employee without the expectation of reimbursement. In the event an out-of-pocket payment is not processed, an employee may request an ACH payment.

Section 7: Allowable and Unallowable Travel Costs

Below is a general list of expenses that are allowable and unallowable.

Allowable Costs:

- I. Registration/seminar costs
- II. Lodging
- III. Airfare (base only)
- IV. Car rental expenses
- V. Books or supplies relating to the conference or seminar
- VI. Internet access/Wi-Fi (hotel only)
- VII. One (1) luggage fee (not including carry-on)
- VIII. Luggage or freight costs for WSB equipment necessary for travel
- IX. Airport and hotel parking cost (long-term or most economical)
- X. Transportation to transact business via Taxi, Shuttle, and Uber on out-of-town trips when necessary
- XI. Travel To/From airport and residence
- XII. Hosting a guest for business purposes is allowed

Unallowable Costs:

- I. Any travel changes or upgrades resulting in a fee (airfare, early check-in, car rental, suite, etc.)
- II. Alcohol
- III. Movies/entertainment
- IV. Telephone calls
- V. Laundry or grooming service
- VI. Any expense(s) relating to employee family member or guest
- VII. Service gratuities (conciierge, grooming, etc.)
- VIII. Costs related to lobbying
- IX. Board Staff meals during out-of-town trips (meals and incidentals are covered).

Exceptions:

- I. When paying with the Discretionary Fund Account, so long as they acquire pre-authorization from CEO or Comptroller, in absence of CEO, Costs are considered allowable, except personal expenses.

Section 8: Airfare

All air travel reservations shall be processed sufficiently in advance in order to take advantage of reduced fares. It is required that travelers purchase the lowest available economy/Coach or the most discounted fare that meets the business needs of the traveler. Airfare upgrades using rewards/miles/credits are considered a personal expense and are not reimbursable. Airline imposed penalties for changes to an airline ticket for business reasons or circumstances beyond the traveler's control are reimbursable.

Section 9: Lodging

All efforts should be made to register for conferences or meetings by the deadline(s) in order to take advantage of discounted rates. All efforts should also be made to

book travel accommodations at the conference/meeting hotel or the nearest possible hotel in order to avoid or reduce transportation costs in accordance with GSA travel rates

Section 10: Parking

Only El Paso International Airport parking will be reimbursed at the long-term or most economical lot rate. Hotel parking expenses are also allowable for reimbursement.

Section 11: Cancellation Fees

WSB is responsible for cancellation charges if the charge is incurred for a reason related to official board business. If an employee must cancel travel, they must notify their immediate supervisor as soon as possible.

The employee is responsible for cancelling all arrangements and attempt to recapture, refund or repurpose any funds expended such as airline vouchers, hotel lodging, conference registration, etc. In the event an employee exits the company for any reason, they must ensure proper cancellation arrangements are made with their supervisor.

Section 12: Registration Costs

Request for attendance at conferences, training sessions, or other meetings must be supported by an invitation, agenda or other documentation showing the details of the event. WSB shall not pay for expenses for registration or tuition which are not allowed or are considered unreasonable, such as “tour packages”, “golf excursions”, or any other extra-curricular activities offered or provided as part of the conference registration.

Section 13: Car Rentals

The rental of cars or vans for regional travel must be approved by management or supervisor. Costs for car rentals at conferences/meetings where shuttle transportation is available or provided by the host are under discretion of each department structure.

A car rental outside of El Paso county limits is preferred when conducting official business. If an employee opts to use their personal vehicle for official business, the reimbursement would be issued at the same rate as a car rental.

A car rental should be the most economical cost given the group of employees on official business travel.

When choosing a car rental agency, you must ensure that you have procured a minimum of two quotes and completed the Quote Comparison sheet. TWC State code for car rental purposes or any travel related contracts are not allowed.

Any taxes, fuel and collision damage insurance costs associated to the car rental included in the rate are allowable expenses. Costs for liability, personal accident, safe trip, personal effects and additional driver insurance are not allowable expenses.

Section 14: Mileage Reimbursement

WSB reimburses its employees who utilize their privately-owned vehicle for official agency business. Employees will be reimbursed at the IRS reimbursement rate that was in effect at the time of travel.

For more information reference the mileage reimbursement policy.

Section 15: Employees with Disabilities

Employees with disabilities who are required to travel and require accommodations must describe and request those accommodations to their supervisor prior to authorization of travel.

Section 16: Non-Compliance

Individuals violating this policy may be required to reimburse WSB for unauthorized personal expenses. Failure of the individual to reimburse the funds for unauthorized personal expenses upon request may result in possible permanent revocation of their P-Card privilege, garnishment from their paycheck, and/or subject to disciplinary action up to suspension or possible termination.

Subsection 2.11: Mileage Reimbursement

Section 1: Purpose

This policy will establish mileage reimbursement rules and assist WSB employees in reporting expenses incurred while conducting business activities. Employees will be reimbursed for the mileage incurred when using their privately-owned vehicles for business purposes. This will be based upon the per mile rate established by the Internal Revenue Service each year.

Section 2: Scope

This policy is applicable to the staff reporting expenses incurred while conducting WSB business activities. WSB expects employees to act responsibly and professionally when incurring and submitting costs.

Section 3: Definitions

Mileage expenses: The expenses an employee incurs when utilizing their private vehicle for official agency business on a normal workday.

Standard Mileage rate: The rates set by the IRS per mile driven for business purpose.

Section 4: Policy

It is expected that all WSB employees will exercise appropriate care incurring Business Travel Expenses. Individuals should neither gain nor lose personal funds while conducting business on behalf of the Company.

Mileage reimbursement is determined from the point of origin to the point of destination and return. Points of origin/destination include the employee's home, the office, or a temporary work location. Mileage between home and office is considered commute mileage and is therefore not reimbursable. Employees must utilize the standard mileage tracking form to keep track of mileage by documenting dates, times, purpose and origins and destinations.

Mileage incurred from residence or other personal locations where official business is not conducted may be documented but will not be reimbursed. Supervisors may approve exceptions on a case-by-case basis. For two or more employees traveling together in the same vehicle, only one employee will be reimbursed for the mileage.

The approved mileage tracking form must be reported on a monthly calendar basis and should be submitted to the Fiscal Administration Department for its reimbursement. Employees with P-cards will be reimbursed electronically via the Out-of-Pocket expense module.

Advances for mileage expenses will not be granted unless authorized in writing by the Chief Executive Officer, Chief Operating Officer and only in unusual circumstances. Employees receiving a monthly allowance will not be eligible for local mileage reimbursement.

Reasonable and justifiable parking costs may also be claimed and must be supported with original receipts. Employees must receive prior supervisory authorization to claim reimbursement, either verbal or written.

APPENDIX

Attachment A: Determining Allowability of Costs

Overview:

Factors that affect the allowability of costs must meet all the following general criteria to be allowable.

Necessary &:

Costs must be necessary for performance of the award.

Reasonable &:

Costs must be reasonable for performance of the award. Factors to consider include but aren't limited to:

- I. Prudent under the circumstances prevailing at time of decision.
- II. Ordinary and necessary, sound business practice, arms-length.
- III. Market Prices.
- IV. Requirements of applicable laws, regulations, etc.
- V. Responsibilities to employees, government, and the public.
- VI. Significant deviations from entity's established practices which may unjustifiably increase award's cost.

Allocable:

Costs must be allocable to the award – chargeable or assignable to an award/cost objective in accordance with relative benefit received. The following are examples of allocability:

- I. Incurred Specifically for the award.
- II. Benefits award and other work and can be distributed in proportions that may be approximated using reasonable methods.
- III. Necessary to entity's overall operation and assignable in part to the award in accordance with cost principles.

Consistent:

Costs must be consistent with policies and procedures that apply uniformly to both federally – and state – financed, and other activities of the entity.

Accordance with GAAP:

Costs must be determined in accordance with Generally Accepted Accounting Principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in UG.

Not included in Cost Sharing or Matching:

Costs must not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.

Adequately Documented:

Costs must be adequately documented and include:

- I. What was purchased.
- II. When was it purchased.
- III. Rational, authorization, or business need for the purchase.
- IV. Purchase was approved by authorized personnel.
- V. Audit trail (demonstrates existence and accuracy of accounting entry).