Attachment I. J. ELC Disbursement Controls Policies

This is a document combining the following ELC policies; F203.1, F205, F301, F303, F304, F305, F306, F308 (and Credit Card Authorization Form), F402, F602.

**COLOR CODING FOR REVISION DATES:**

12/01/21 (amendment #31) = grey

03/09/22 (amendment #32) = yellow

06/15/22 (amendment #33) = pink

###### F203.1 MATCHING (IN-KIND) AND COST SHARING

###### Effective Date: 08/28/07

###### Revision Date: 03/19/08, 09/16/09, 11/04/15, 12/07/16, 03/09/22

**Overview**

The Coalition values contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or Federal agency regulations identify specific values to be used.

The Coalition shall claim contributions as meeting a cost sharing or matching requirement of a Federal award only if all of the following criteria are met:

1. They are verifiable from Coalition records.

2. They are not included as contributions from any other Federally-assisted project or program.

3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.

4. They are allowable under 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

5. They are not paid by the Federal government under another award, except where authorized by Federal statute to be used for cost sharing or matching.

6. They are provided for in the approved budget when required by the Federal awarding agency.

7. They conform to all provisions of 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

1. In cases of donated space, (or donated use of space), the space is subject to an independent appraisal to establish its value.

**Valuation and Accounting Treatment of Matching (In-Kind)**

In-kind donations fall into one of the following categories:

* Space, buildings, land and equipment
* ~~Volunteer time and services~~
* Supplies
* Printed Materials
* Computer software
* Other non-cash donations

The following sections discuss the valuation and accounting treatment for each category.

***Space, Buildings, Land and Equipment***

*Buildings and Land*

If the purpose of the contribution is to assist the Coalition in the acquisition of equipment, building, or land, the total value of the donated property may be claimed as matching funds with prior approval of the awarding agency.

If the purpose of the donation is to support activities that require the use of equipment, buildings or land, depreciation or use charges (e.g. rent) may be claimed as matching, unless the awarding agency has approved using the full value as match.

Equipment, buildings or land are valued at its fair market value as determined by an independent appraiser. Information on the date of donation and records from the appraisal will be maintained in a property file.

*Space:*

* Will be valued at the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality
* Information on the date of donation and records from the appraisal will be maintained in a property file

***~~Volunteer Time and Services~~***

~~Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor will be included as in-kind if the services are an integral and a necessary part of the program.~~

~~Volunteer services will be valued at rates consistent with those paid for similar work in the Coalition. For skills not found in the Coalition, rates will be consistent with those paid for similar work in our labor market. Rates should include gross hourly wages plus fringe benefits calculated based on fringe benefits received by employees in similar positions, or on agency average.~~

~~Volunteers must possess qualifications and perform work requiring those skills in order to be valued at greater than an unskilled labor rate.~~

~~The Coalition requires volunteers to document and account for their contributed time in a manner similar to the timekeeping system followed by employees. Each program that uses volunteers will provide the volunteers a sign-in sheet which collects the following information:~~

* ~~Date service was performed~~
* ~~Volunteer name and address~~
* ~~Hours donated~~
* ~~Service provided~~
* ~~Signature of volunteer~~

~~The sign-in sheets will be delivered to the accounting department monthly so they can be tallied, valued, and recorded as in-kind in the accounting records.~~

***Supplies***

Donated supplies must be used in the program and shall be valued at fair market value at the time of donation. Supplies can be counted as match only if the program would have purchased such items itself.

***Printed Materials***

Books, periodicals, materials specifically created for the Coalition, or other printed matter. Such material shall be valued at fair market value at the time of donation. Printed Materials can be counted as match only if the program would have purchased such items itself.

***Computer software***

Computer software donated to the coalition must be used in the program and shall be valued at fair market value at the time of donation. Software can be counted as match only if the program would have purchased this (or similar) item itself, with prior approval of the awarding agency.

***Other non-cash donations***

Other non-cash donations, such as intellectual property or other intangible assets, if consistent with the mission of the Coalition and allowed by 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, would be valued at fair market value at the time of donation. Intangible assets can be counted as match only with prior approval of the awarding agency.

**Procedures for Handling In-Kind Donations**

1. Establishment of nature and kind of donation
2. Establishment of a fair market value of donation
	1. Items from a liquid market (Stocks, bonds, etc.) will have values established from market listings
	2. Items from a semi-liquid market (vehicles, boats, etc.) will have values established from market listings combined with an evaluation of the condition of the asset, if possible.
	3. Items from an illiquid market (artwork, collectors’ items, etc.) will be evaluated by reviewing the selling price of similar items (for items of less than $1,000), or by the use of a professional appraiser.

**Procedures for Recording In-Kind Donations**

1. Assign a fair market value to donation per procedure listed above
2. Record fair market value in General Ledger as of the date of donation

**Coalition Matching Requirements and Guidelines**

**See most current DEL Grant Agreement Statement of Work Definitions for specific requirements.**

~~Match requirements are separate for each county. Monthly, quarterly, semi-annual, and yearly financial statements will chart match raised and used separately for each county. Match raised in a county will only be used for that county. There will not be any crossover of match funds from one county to another.~~

~~I. Working Poor Match - The Coalition adheres to the requirements set forth in Specific Appropriation 2014-A of the 2003 -2004 General Appropriations Act:~~

~~Funds in Specific Appropriation 2014A require a match from local sources for school readiness working poor eligible participants of six (6) percent on child care slots, up to a State determined amount. In-kind match is allowable provided there is not a reduction in the number of slots or level of services from the provision of in-kind match.~~

~~In some cases, subcontracted agencies are required, as part of their contract, to request funding from county agencies equal to or more than the required amount as stated in the funding agreement/contract. The subcontractors are then responsible for submitting required verification paperwork to the Coalition and/or funding county agencies.~~

~~Monthly match reports are required to be submitted by the Primary Service Provider to the Coalition Finance Manager by the 15~~~~th~~ ~~of the month following the month being reported. The Coalition then submits the match reports to DEL or other entities of the State, by the 20~~~~th~~ ~~of the same month.~~

~~If the Coalition is required to submit requests for match to county agencies, then the Finance Manager is also responsible for submitting verification paperwork to county agencies, as required.~~

~~II. CCEP (Child Care Executive Partnership) Match~~

~~Working Poor CCEP Match - The Coalition adheres to the requirements set forth in the State Law for CCEP Appropriations.~~

~~Funds require a match from local school readiness sources for CCEP eligible participants of 50% (fifty) percent on child care slots, up to a State determined amount.~~

~~In some cases, subcontracted agencies are required, as part of their contract, to request funding by county agencies equal to or more than the required amount as stated in the funding agreement/contract. The subcontractors are then responsible for submitting required verification paperwork to the Coalition and/or funding county agencies.~~

~~If the Coalition is required to submit requests for match to county agencies, the Primary Service Provider submits the verification paperwork to the Coalition Finance Manager, who is then responsible for submitting verification paperwork to county agencies, as required.~~

###### F205 BILLING/INVOICING POLICIES

###### Effective Date: 08/28/07

###### Revision Date: 03/19/08, 10/01/08, 04/06/11, 08/24/12, 11/04/15, 03/09/22

**Overview**

The Coalition’s primary sources of revenue are:

* Reimbursement grants – billed monthly, or as funders require, based on allowed, incurred expenses

**Responsibilities for Billing and Collection**

The Coalition’s accounting department is responsible for the invoicing of funding sources and the collection of outstanding receivables. (Note: Cash receipts, credit memo, and collection policies will be discussed in subsequent sections.)

#### **Billing and Financial Reporting**

The Coalition strives to provide the Board of Directors and our funding sources with timely and accurate financial reports applicable to Federal awards. These reports include ~~monthly~~ quarterly and cumulative expenditures, a project budget, and a balance remaining column.

The Coalition shall prepare and submit financial reports as specified by the financial reporting clause of each grant or contract award document. Preparation of these reports shall be the responsibility of Finance Manager.

The following policies shall apply to the preparation and submission of billings to Federal agencies under awards made to the Coalition:

1. The Coalition will request reimbursement after expenditures have been incurred, unless an award specifies another method.

2. The Coalition will strive to minimize the time between receipt and disbursement of grant funds.

3. Each award normally specifies a particular billing cycle. Therefore, a schedule is established for each grant and contract to ensure that reimbursement is made on a timely basis along with any other reporting that is required in addition to the financial reports. Quarterly meetings are done with the Primary Service Provider (PSP) and the Coalition to insure that the number enrolled is being met, and the expenditures are on target.

a. School Readiness is due to DEL on the 25th of the month. The Primary Service Provider (PSP) submits their invoices of what they have done for the previous month to the Coalition by the 15th of the month. The Finance Manager then fills the Coalition invoices and electronically submits them to DEL for reimbursement. When the Coalition develops the budget for SR it’s based on 98.5% of the contract amount for the entire program.

b. Volunteer Pre Kindergarten is due to DEL on the 25th of the month. The Primary Service Provider (PSP) submits their invoices of what they have done for the previous month to the Coalition by the 15th of the month to the Finance Manager. The Finance Manager then fills in the Coalition invoices along with the PSP and submits electronically to DEL for reimbursement. The Coalition will generate a report to ensure that all VPK compliance is met. There are no slot requirements for VPK; it is open to all eligible children.

4. Requests for reimbursement of award expenditures will use the actual amounts as posted to the general ledger as the source for all invoice amounts.

1. Coalition staff who are authorized to sign the above mentioned grant invoices are those persons who are assigned the following positions; C.E.O., Finance Manager, and Grants and Operations Manager.

6. All financial reports required by each Federal award will be prepared and filed on a timely basis. To the extent the Coalition’s year-end audit results in adjustments to amounts previously reported to Federal agencies, revised reports shall be prepared and filed in accordance with the terms of each Federal award.

At the time invoices (requests for reimbursement) are prepared, revenue and accounts receivable will be recorded on the books of the Coalition by the Finance Manager.

If a Federal award authorizes the payment of cash advances to the Coalition, the Finance Manager may require that a request for such an advance be made. As part of the monthly close-out and invoicing process, the liability shall be reduced, and revenue recognized, in an amount equal to the allowable costs incurred for that period.

**Accounts Receivable Entry Policies**

Individuals independent of the cash receipts function shall post customer invoices, credit adjustments, and other adjustments to the accounts receivable subsidiary ledger.

**Classification of Income and Net Assets**

All income received by the Coalition is classified as "unrestricted,” with the exception of the following:

1. Grants and other awards received from government agencies or other grantors, which are classified as temporarily restricted.

2. Special endowments received from donors requesting that these funds be permanently restricted for specific purposes.

From time to time, the Coalition may raise other forms of contribution income, which carry stipulations that the Coalition utilize the funds for a specific purpose or within a specified time period identified by the donor of the funds. When this form of contribution income is received, the Coalition shall classify this income as temporarily restricted income.

As with all temporarily restricted net assets, when the restriction associated with a contribution has been met (due to the passing of time or the use of the resource for the purpose designated by the donor), the Coalition will reclassify the related net assets from "temporarily restricted" to "unrestricted" in its Statement of Financial Position and reflect this reclassification as an activity in its Statement of Activities. Unrestricted fund purchases must be in-line with the Coalition’s mission, and the expenditures must be made in accordance with the Coalition’s purchasing approval thresholds.

From time-to-time, the Coalition Board of Directors may determine that it is appropriate to set funds aside for specific projects. Such funds shall be classified as “unrestricted,” labeled “Board-Designated,” and reported as a separate component of unrestricted net assets.

###### F301 PURCHASING POLICIES AND PROCEDURES

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**Overview**

**THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL GRANT FUNDED PURCHASES MADE BY THE COALITION**.

The Coalition requires the practice of ethical, responsible, and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The policies in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities.

The goal of these procurement policies is to ensure that materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal statutes and executive orders.

#### **Responsibility for Purchasing**

Following C.E.O. approval, the C.E.O. or Office Manager shall initiate purchases on behalf of the Coalition, within the Coalition’s Accounting and Financial as well as the Procurement of Commodities and/or Contractual Services Policies and Procedures Manuals.

The C.E.O. has approval authority over all purchases and contractual commitments, and shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial.

**Prior Approval Guidance**

The applicable 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards must be followed when determining the cost items and administrative requirements that require prior approval. To streamline the approval process, DEL has provided guidance that the Coalition will follow as procedure (see the most current version of the DEL Final Guidance on Prior Approval Procedures for Selected Costs and Administrative Requirements). And, DEL has provided a designated portal to process the following:

* An annual approval for as many of the specified cost items as possible;
* A prior approval request for other individual approval requests to be handled on a case-by-case basis;
* Instructions for electronically submitting the above referenced items to DEL staff for review and approval;
* The timeline for DEL staff to review requests; and
* The process for DEL to notify Coalition of final decisions.

**Non-Discrimination Policy**

All vendors/contractors who are the recipients of the Coalition funds, or who propose to perform any work or furnish any goods under agreements with the Coalition, shall agree to these important principles:

1. Vendors/contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the vendors/contractors.

2. Vendors/contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. Notices, advertisement and solicitations placed in accordance with Federal law, rule, or regulation shall be deemed sufficient for meeting the intent of this section.

# **Procurement Procedures and Thresholds – See Coalition Procurement Policy and Procedure**

**Purchasing Authorization Levels**

1. The C.E.O. has authority to purchase unit items that are $5,000.00 or less.
2. Purchases $5,000.01 or more have to be approved by the Board of Directors.

Purchases cannot be split into individual amounts to avoid an expenditure limit.

**Vendor Files and Required Documentation**

The Accounting Department shall create ~~a vendor~~ an annual accounts payable folder for each new vendor from whom the Coalition purchases goods or services.

~~The Accounting Department shall mail a~~ A blank Form W-9 will be mailed to each ~~to~~ new contract vendors. Completed forms shall be filed in a permanent W-9 folder ~~(separate from the vendor’s fiscal year file)~~. Vendors who do not comply with this request shall be reviewed; and if applicable issued a Form 1099 at the end of each calendar year in accordance with the policies described in the section of this manual on “Government Returns.” See the section on “Payroll and Related Policies” for guidance on determining whether a vendor should be treated as an employee.

**Receipt and Acceptance of Goods**

The Office Manager places all orders and inspects all goods received. Upon receipt of any item from a vendor, the following actions shall immediately be taken:

1. Review bill of lading for correct delivery point

2. Verify the quantity of boxes/containers with the bill of lading

3. Examine boxes/containers for exterior damage and note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.)

4. Sign and date the bill of lading

5. Remove the packing slip from each box/container

6. Compare the description and quantity of goods per the approved order request to the packing slip

7. Examine goods for physical damage

8. Count or weigh items, if appropriate, and record the counts on the approved order request.

This inspection must be performed in a timely manner to facilitate prompt return of goods and/or communication with vendors.

###### F303 LOBBYING

###### Effective Date: 08/28/07

###### Revision Date:

**Introduction**

Unlike political intervention, described in the preceding section, expenditures by a section 501(c) (3) public charity for lobbying activities are allowable under the Internal Revenue Code. However, **no** lobbying expenditures may be charged directly or indirectly to any Federal award (i.e., the charity must have a non-Federal source of income to which such lobbying costs can be cited as the source of the activity).

**Definition of Lobbying Activities**

Lobbying activities conducted by the Coalition may be either direct or indirect. Direct lobbying activities consist of attempts to influence legislation through communication with any member or employee of a legislative body (Federal, state, or local levels) or, if the principal purpose of the communication is lobbying, with any government official or employee who may participate in the formulation of the legislation. Direct lobbying occurs when employees of the Coalition or paid lobbyists communicate directly in attempts to influence legislation. Lobbying is distinguishable from advocacy activities, which involve efforts to advocate certain positions which may have legislative implications, as long as a nonpartisan analysis of the relevant facts is performed.

Lobbying occurs only when there is a specific piece of legislation or legislative proposal pending that the Coalition is attempting to influence. Therefore, lobbying is considered to have taken place only if both of the following elements are present:

1. The communication refers to specific legislation (legislation that has been introduced or a specific legislative proposal that the Coalition supports or opposes), and

2. The communication reflects a view on the legislation (supporting or opposing it).

Indirect lobbying involves communications with the general public (rather than directly with legislators, etc.) where the communication includes the same two preceding characteristics, plus it encourages the recipient of the communication to take action with respect to the specific legislation (by contacting legislators, etc.).

**Segregation of Lobbying Expenditures**

Lobbying expenditures are allowable for charities under the Internal Revenue Code. However, lobbying may not represent a substantial portion of the Coalition’s overall activities. The Coalition’s tax exemption would be at risk if lobbying becomes a substantial portion of the Coalition’s activities.

**Lobbying Election**

As a public charity, the Coalition has two options with respect to the Internal Revenue Code’s restriction against lobbying being a “substantial” portion of its activities. One option is to make a formal lobbying election, which results in the Coalition following a specific mathematical formula to determine its lobbying limitations. Exceeding the limitation would result in an excise tax assessed to the Coalition. Exceeding the limitation by 50-percent or more over a four-year period would result in loss of the Coalition’s overall tax exemption. The other option is to not make the election, resulting in an entirely judgmental assessment of its lobbying activities by the IRS. If it is deemed by the IRS to have engaged in substantial lobbying for any period, the Coalition would lose its overall tax exemption under this option.

If the Coalition incurs lobbying expense, it will make the Internal Revenue Code section 501(h) lobbying election by filing Form 5768, and leave that election in place. As a result, the Coalition shall report its lobbying expenditures by completing the section for “Electing Charities” on Schedule A that accompanies its annual Form 990 information return filed with IRS.

###### F304 CHARGING OF COSTS TO FEDERAL AWARDS

###### Effective Date: 08/28/07

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#### Overview

The Coalition charges costs that are reasonable, allowable, and allocable to a Federal award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to Federal awards.

#### Segregating Unallowable from Allowable Costs

The following steps shall be taken to identify and segregate costs that are allowable and unallowable with respect to each Federal award:

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.

2. Accounting personnel shall be familiar with the allowable costs provisions of 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards particularly:

a. The list of specifically unallowable costs found in the Coalition cost allocation plan (Selected Items of Cost), such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.

b. Those costs requiring advance approval from Federal agencies in order to be allowable in accordance with the most current version of DEL Final Guidance on Prior Approval Procedures for Selected Costs and Administrative Requirements, such as foreign travel, equipment purchases, etc.

3. No costs shall be charged directly to any Federal award until the cost has been determined to be allowable under the terms of the award and/or 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

4. For each Federal award, an appropriate set of general ledger accounts (or account segments) shall be established in the chart of accounts to reflect the categories of allowable costs identified in the award or the award budget.

5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to a Federal award or to activity associated with a Federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e., if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit).

#### Criteria for Allowable Costs

All costs must meet the following criteria from 2 CFR Part 200 (OMB Uniform Guidance), in order to be treated as allowable direct or indirect costs under a Federal award:

1. The cost must be “reasonable” for the performance of the award, considering the following factors:

a. Whether the cost is of a type that is generally considered as being necessary for the operation of the Coalition or the performance of the award;

b. Restraints imposed by such factors as generally accepted sound business practices, arm’s length bargaining, Federal and state laws and regulations, and the terms and conditions of the award;

 c. Whether the individuals concerned acted with prudence in the circumstances;

d. Consistency with established policies and procedures of the Coalition, deviations from which could unjustifiably increase the costs of the award.

2. The cost must be “allocable” to an award by meeting one of the following criteria:

 a. The cost is incurred specifically for a Federal award;

b. The cost benefits both the Federal award and other work, and can be distributed in reasonable proportion to the benefits received; or

c. The cost is necessary to the overall operation of the Coalition, except where a direct relationship to any particular program or group of programs cannot be demonstrated.

3. The cost must conform to any limitations or exclusions of 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards or the Federal award itself.

4. Treatment of costs must be consistent with policies and procedures that apply to both federally financed activities and other activities of the Coalition.

5. Costs must be consistently treated over time.

6. The cost must be determined in accordance with generally accepted accounting principles.

7. Costs may not be included as a cost of any other federally financed program in the current or prior periods.

8. The cost must be adequately documented.

**Written Procedures for Allowable Costs - Required Contents [2 CFR Part 200.302(7)]**

* + - 1. Procedures or disclosures for prohibited costs – see current DEL Grant Agreement and Fiscal Guidance regarding allowable and unallowable costs.
			2. Procedures to evaluate allowable costs – **a disclosure requirement**.

The Coalition applies the following questions to each transaction and documents the results on the “Cost Allowability Form” which is then kept with the procurement files.

**Phase I Analysis – General considerations for allowable costs**

1. Consider requirements from federal regulations and program requirements
	1. Is the proposed cost allowable based on instructions from uniform grant guidance?
	2. Is the proposed cost consistent with the federal cost principles?
2. Consider requirements from the federal awarding agency
3. Is the proposed cost allowable based on agency-specific regulations?
4. Is the proposed cost allowable based on the related terms/conditions that govern the agency’s award to / agreement with DEL?
5. Is the proposed cost consistent with the grant project performance measures or benchmarks?
6. Consider requirements from applicable state guidance
7. Is the proposed cost consistent with authorized grant program activities as described in the USDHHS-approved CCDF State plan?
8. Is the proposed cost allowed by state expenditures guidance from state statutes, rules, regulations or guidance from DFS/DMS?
9. Does the proposed cost comply with related grant program terms/conditions issued by DEL for grant awards, contracts, purchase orders and other expenditure agreements?
10. Consider the period of performance
11. Is the proposed cost for the allowed period of availability as defined for the funding program?
12. Consider other oversight instructions
13. If federal or state-level prior approval is required for the proposed cost, was this process followed?

**Phase II Analysis – Specific factors affecting allowable costs**

Several additional factors should be considered and documented by staff for cost transactions. The answer for each question listed here must be “yes” in order for staff to continue with the transaction.

1. The proposed cost(s) is/are -
2. Necessary
3. Reasonable
4. Allocable
5. In conformance with federal law and grant terms and conditions
6. Consistent with state and local policies
7. Consistently treated
8. In accordance with generally accepted accounting principles (GAAP) and other standards. Each non-federal entity that receives federal/state grant program funds must use accounting rules and procedures established by authoritative bodies or conventions that have evolved through custom and common usage.
9. Not used as match on another federal award
10. Net of applicable credits (2 CFR §200.406)
11. Adequately documented

**Priority of compliance with federal guidance**. If instances of inconsistency are noted between USDHHS program guidance (i.e., 2 CFR §200 and 45 CFR Parts 75, 98 and 99) and the OMB uniform guidance (i.e., 2 CFR §200), the program-specific guidance instructions from USDHHS will govern and will supersede the standard instructions from 2 CFR §200 all circumstances.

**Priority of compliance with state guidance**. Please note State of Florida’s program-specific instructions from state statutes, rules, regulations or guidance from the Department of Management Services (DMS) or the Department of Financial Services (DFS) also apply to and govern Florida’s early learning programs. If instances of inconsistency are noted between federal level program guidance and the state’s guidance on expenditures, the state guidance from DFS and DMS will govern.

#### Direct Costs

Direct costs include those costs that are incurred specifically for one award or non-Federal function. The Coalition identifies and charges these costs exclusively to each award or program.

Time sheets or personnel activity reports are also submitted on a regular basis, reflecting employees' work and which programs directly benefited from their effort. Time sheets or personnel activity reports shall serve as the basis for charging salaries directly to Federal awards and non-Federal functions. See the Payroll section of this manual for detailed procedures.

Equipment purchased for exclusive use on a Federal award and reimbursed by a Federal agency shall be accounted for as a direct cost of that award (i.e., such equipment shall not be capitalized and depreciated).

#### Indirect and Joint Costs

Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular grant or program. Joint costs benefit more than one, but not necessarily all, awards. Indirect costs, but not joint costs, may be allocated to benefiting grants through the use of an indirect cost rate.

Examples of indirect costs are:

* The Accounting Department
* The Human Resources Department
* The Board of Directors

Examples of joint costs are:

* Shared space
* Vehicle insurance

Per Federal guidelines, each grant will be charged its fair share of costs. Any costs not reimbursed by a particular funding source will be charged to corporate or other funds that may cover indirect or joint costs after the allocation process is complete.

Direct and indirect costs are reviewed monthly by the Finance Manager to ascertain the allowability of the items charged to the grants.

**Cost Pools – See Cost Allocation Plan**

**Accounting for Specific Elements of Cost – See Cost Allocation Plan**

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###### F305 ACCOUNTS PAYABLE MANAGEMENT

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**Overview**

The Coalition strives to maintain efficient business practices and good cost control. A well-managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and check reconciliation. The following are general policies for accounts payable:

* Assets or expenses and the related liability are recorded by an individual who is not responsible for ordering and receiving.
* The amounts recorded are based on the vendor invoice for the related goods or services.
* The vendor invoice should be supported by an approved order document/purchase order where necessary, and should be reviewed by the Office Manager prior to being processed for payment.
* Invoices and related general ledger account distribution codes are reviewed prior to posting to the subsidiary system.

The primary objective for accounts payable and cash disbursements is to ensure that:

1. Disbursements are properly authorized

2. Invoices are processed in a timely manner

3. Vendor credit terms and operating cash are managed for maximum benefits

**Regulations Regarding Invoices**

ALL applicable Coalition policies and procedures will comply with the following federal/state laws, regulations, statutes and rules:

* Chapter 60A – General Regulations
* Section 215.422, F.S. – Payments, warrants and invoices; processing time limits; dispute resolution; agency or judicial branch compliance
* Section 287.058, F.S. – Contract document
* Rule 60A-1.002, FAC – Purchase of commodities or contract services
* Chapter 69I – Division of Auditing and Accounting
* Compliance with Rule 69I-24, F.A.C. – Payment of Vouchers by State Warrant
* Compliance with Rule 69I-40, F.A.C. – Bureau of Auditing invoice requirements
* DFS Reference Guide for State Expenditures
* CFO Memo No. 01 (2012-13), Contract Summary Form
* CFO Memo No. 02 (2012-13), Contract and Grant Reviews and Related Payment Processing Requirements
* CFO Memo No. 03 (2014-15), Compliance Requirements for Agreements
* CFO Memo No. 06 (2011-12), Contract Monitoring and Documenting Contractor Performance
* Annual updates to DFS CFO Memos, as disclosed at [CFO Memos (myfloridacfo.com)](https://www.myfloridacfo.com/division/aa/state-agencies/cfo-memos)
* PUR 1000 and 1001
* DEL Program Guidance PG 250.01, Other Cost Accumulator (OCA) Working Definitions
* DEL annual grant agreement Exhibit I for specified prohibited costs
* 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

**Regulations Regarding Disbursement Control Systems**

* 60A-1.016 F.A.C., Contract and Purchase Order Requirements.
* DFS Reference Guide for Sate Expenditures
* ~~DFS State Travel Manual~~
* DEL annual grant agreement Exhibit I for specified prohibited costs
* 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
* 2 CFR 200.302, *Financial management systems*
* 2 CFR 200.302(7), *Financial management systems* – allowable costs
* 2 CFR 200.303, Internal controls
* 2 CFR 200, Subpart E – Cost Principles
* DEL Program Guidance files
	+ Program Guidance 440.10 – Division of Early Learning Match Reporting Guidance
	+ Program Guidance 240.01 – Cash Management Procedures
	+ Program Guidance 240.04 – School Readiness Funds Management
	+ Program Guidance 240.05 – Guidance on Prior Approval Procedures
	+ Program Guidance 240.06 – Reimbursement Request Requirements for ELCs
	+ Program Guidance 250.01 – Other Cost Accumulators (OCAs) Guidance.

#### Recording of Accounts Payable

All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable in a timely manner.

Accounts payable are processed on a ~~bi-weekly~~ monthly basis. Information is entered into the accounting system with approved invoices or disbursement vouchers with appropriate documentation attached.

Only original invoices (or original statements for select vendors) will be processed for payment unless duplicated copies have been verified as unpaid by researching the vendor records.

If a vendor statement is allowed by the Coalition to serve as an invoice, then that statement must include the following required content in order to be processed *(the most current version of the “Reference Guide for State Expenditures” ~~updated February 2011~~).*

**Invoice Requirements**

The following requirements apply to all invoices submitted for payment.

1. An invoice submitted for payment must be a legible copy. The original invoice is maintained by the agency. If an agency is filing a copy of the invoice as its original, it must contain the statement “original invoice not available, agency records show that this obligation has not been previously paid” with the signature of the person certifying the statement. Thermo fax copies, because of their temporary nature, shall not be filed as the original at the agency. It should be copied on a standard photocopy machine.
2. Invoices for commodities must clearly reflect a description of the item or items, number of units and cost per unit. Numerical code descriptions alone will not be accepted.
3. Invoices for services must also clearly reflect the specific deliverables that must be provided and accepted prior to payment.
	1. Invoices for fixed unit rate agreements must show the number of units and cost per unit.
	2. Invoices for agreements paid out on a reimbursement basis or a fixed rate for a specific time

period, e.g. quarterly, monthly, etc., must identify the deliverables provided or be supported by documentation (such as a progress report) that clearly reflects the deliverables provided during the invoice period. Documentation must evidence that the minimum performance standards were met.

1. No balances for prior purchases will be paid unless supported by an invoice.
2. A statement will not be paid unless it can be clearly shown that the vendor intended it to be used as an invoice that meets all invoice requirements.
3. All invoices shall be processed in accordance with s. 215.422, F.S., and the rules set forth in Rule 69I-24, F.A.C.
4. Invoices that are split payments require information showing the distribution of charges between funds for such invoice and a cross-reference of the statewide document numbers for all related vouchers.
5. ~~Invoices and other supporting documentation included in a voucher must be grouped by vendor and arranged in the same order as the vendors are listed on the voucher schedule. If the voucher includes multiple invoices from the same vendor, the voucher must include a calculator tape or other evidence showing that the total of the invoices is equal to the amount shown on the voucher schedule.~~
6. Acronyms and non-standard abbreviations for programs or organizational units within an agency should not be used in the supporting documentation unless an explanation is also included.

#### Accounts Payable Cut-Off

The Coalition operates on a modified cash basis. All invoices are expensed in the month they are paid. At year-end a search for unrecorded liabilities greater than $500 is conducted and invoices paid in the first month of the next year that pertain to the preceding fiscal year are accrued and expensed in the preceding fiscal year. Many payments are made via electronic funds transfer and every effort is made to ensure that payments are made and recorded in the month of occurrence.

#### Establishment of Control Devices

The Office Manager establishes control of invoices as soon as they are received. Vendors will be instructed to mail all invoices directly to the administrative office.

The Office Manager receives and opens all mail, date stamps and initials. Invoices are entered into the Purchase Request Log. Once any and all required backup has been attached to the invoice(s), the Office Manager completes a Purchase Request, obtains required approvals and submits to the Finance department for processing.

The Purchase Request Log is to be maintained and reviewed bi-weekly by the Office Manager to determine which, if any, invoices have not been paid.

**Invoice Processing**

The Coalition’s policies will ensure appropriate and adequate invoice processing.

1. **Invoice processing policy disclosures [69I-40.002(3), F.A.C.]**
2. Contractual service invoices submitted by a vendor/contractor/service provider for payment processing must clearly identify, at a minimum,
	1. The dates of services, a description of the specific contract deliverables provided during the invoice period and the quantity provided, and the payment amount specified in the agreement for the completion of the deliverable(s) provided.
3. Cost reimbursement invoices must reflect the expenditures incurred by expenditure category.
4. Required information may be submitted on the invoice or in a report format along with any other information required by the terms of the agreement.
5. Written certification, from the contract/grant manager, that services were performed in accordance with the contract terms must be obtained and kept in entity files. [s. 287.057(14), F.S.]
6. **Invoice processing controls [69I-24.003, F.A.C.; CFOM No. 05]**
7. The Coalition will receive deliverables and provide written certification of such before payments are made.
	1. Approval and inspection of goods or services shall take no longer than 5 working days unless the bid specifications, purchase order or contract specifies otherwise. [s. 215.422(1), F.S.]
	2. Terms conditions must be specified and must accompany the request for payment to evidence delivery of goods/services.
	3. Coalition must ensure that deliverables were received on time and as intended (i.e., met performance measures) before release of payment is approved/processed.
	4. May use a Contract Summary Form
	5. May use a written certification from the assigned contract manager on the invoice
	6. May use a Deliverable Tracker – track deliverables schedule
	7. May use a Deliverable Acceptance form to help document
8. The Coalition will ensure invoices have adequate documentation and are processed on a timely basis.
	* + 1. Documents for goods/services received are date stamped.
			2. Review invoice for accuracy and completeness of the following details. [69I-40.002, (3), F.A.C.]
9. Description of the item(s).
10. Number of units.
11. Cost per unit.
12. Service dates coincide with invoice period.
13. Minimum level of services has been provided.
14. Amount invoiced coincides with the terms/conditions.
	* + 1. Verify any required supporting documentation has been submitted.
			2. Review documentation to gain reasonable assurance that commodities/contractual services have been satisfactorily provided within the terms of the contract/agreement.
			3. Complete any additional processes required by Coalition policy.
			4. Certify the entity’s receipt of goods/services.
			5. Invoices shall be paid according to state rules for Prompt Payment Compliance.
15. Section 215.422(3)(b), F.S., requires interest to be paid to the vendor if payment is not issued within 40 days after receipt of the invoice and receipt, inspection, and approval of the goods and services.
16. DFS does not require agencies to pay interest penalty invoices of less than $1.00 unless the vendor asserts his right to the interest penalty payment either orally or in writing.
17. Enforce terms and conditions [s. 287.057(14)(b), F.S.; DFS-related contract manager guidance]
	1. Coalition staff assigned contract/grant management duties are required to work with the contractor/vendor to ensure that goods/services are received as intended and contract/agreement terms are enforced.
	2. Use performance bonds when appropriate.
	3. Verify financial consequences are addressed.
	4. Verify terms for liquidated damages are included (when applicable) to compensate the entity for any losses realized.
18. For disputes about receipt of goods/services [s. 215.422(8), F.S., Payments…disputes]
19. Coalition will have written procedures and instructions for staff.
20. Invoice may be prorated, reduced or withheld according to the financial consequences established in contract/agreement.
21. Partial or prorated payments must be made based on the deliverables that can be validated and supported by adequate documentation.
22. If no financial consequences are included in contract/agreement OR documentation can’t be provided, the payment should be withheld until the issue is resolved or a settlement is reached.
23. Inform staff of settlement agreement process.
24. Used when the amount owed to a provider/contractor is in dispute.
25. A lengthy, cumbersome and potentially expensive process the Coalition will not be able to complete alone; legal counsel will be required.
26. Required for many situations including
27. To settle a lawsuit, damages or legal fees;
28. Absence of an executed agreement;
29. Agreement was executed after services were rendered;
30. Additional services not included in the agreement were provided;
31. Services were rendered after the agreement expired.

#### Use of Purchase Orders

**[60A-1.016, F.A.C., Contract and Purchase Order Requirements]**

The Coalition utilizes a purchase order system. A properly completed purchase order or check request shall be required for each purchase decision (i.e., total amount of goods and services purchased, not unit cost) in excess of **$500.00**, with the exception of travel advances and expense reimbursements, which require the preparation of a separate form described elsewhere in this manual. Purchase orders are utilized for vendors used on an ongoing, recurring basis. Check requests are used for one-time purchases and credit card payments.

Purchase orders shall be pre-numbered, kept in a secure area (on an electronic drive with restricted access), and issued upon request from an authorized purchaser.

It is the Coalition’s policy to issue a purchase order (or use a credit card with proper authorization) PRIOR to the procurement of goods and services.

All purchase orders shall be recorded in a purchase order log. ~~At the end of each grant year the Office Manager shall prepare an aged outstanding purchase request report for the Finance Manager’s review.~~

A properly completed purchase order shall contain the following information:

1. Policy disclosures
2. Contractor name, address, point of contact and phone number
3. Source of funding
4. Solicitation number (if applicable)**#**
5. Statements regarding the quantity, description, and price of goods or services ordered**#**
6. Applicable payment terms and discounts**#**
7. Date of performance, transportation/delivery**#**
8. Liquidated damages**#**
9. Catalog number, page number, etc. (if applicable)
10. Net price per unit, less any discount(s)
11. Total amount of order
12. Authorized signature
13. Date purchase order was prepared
14. Additional disclosures may also apply for higher dollar purchases
	* + - 1. Payment audit (records of costs will be available upon request)
				2. Payment made after written “agency” acceptance
				3. Payment timeframe – timely payments will be made
				4. Funding availability/annual appropriation
				5. No lobbying
				6. Public access/public records
				7. Conduct of business – federal/state laws govern
				8. Conflict of interest/related party activities
				9. Confidentiality and safeguarding information
				10. Termination for cause – required for purchases in excess of $10,000**^**
				11. Remedies – required for purchases in excess of $35,000**^**

**#** Required disclosure element per state purchasing statutes or rules (see 60A-1.016, F.A.C.).

**^**Required disclosures element per federal grant program rules (see 2 CFR Part 200 Appendix II).

1. Control processes required for Coalition purchase orders (see 60A-1.016, F.A.C.)
2. Secure all unused purchase orders in a safe place and restrict access to these documents.
3. Maintain an electronic file for all consecutive purchase orders issued or voided.
4. Maintain a record of persons authorized to issue and sign each type of purchase order.
5. Monitor and review processes for the use of purchase orders and field purchase orders (those issued by an agency/office that is separate from the agency purchasing office (i.e., satellite offices).
6. Rationale for method of procurement used.

#### Preparation of a Voucher Package for Payment

Prior to any accounts payable being submitted to the Finance Manager for payment, a package called a “voucher package” shall be assembled by the Office Manager. Each voucher package shall contain the following documents:

1. Vendor invoice (or employee expense report)

2. Packing slip (where appropriate)

3. Receiving report (or other indication of receipt of merchandise and authorization of acceptance)

4. Approved order document/purchase order as required by procurement policies

5. Any other supporting documentation deemed appropriate

6. Check request or purchase order

#### Processing of Voucher Packages for Payment

The following procedures shall be applied to each voucher package:

1. Check the mathematical accuracy of the vendor invoice.
2. Ensure that no sales tax charged are included in the calculation for payment.

3. Compare the nature, quantity and prices of all items ordered per the vendor invoice to the approved order document/purchase order, packing slip and receiving documentation.

4. Document the general ledger distribution, using the Coalition’s current chart of accounts.

**Approvals**

Approval by the Office Manager indicates the acknowledgement of satisfactory receipt of the goods or services invoiced.

Approval by the Office Manager indicates the agreement with all terms appearing on the vendor invoice and agreement to pay vendor in full. Approvals shall be documented with initials or signature of the ~~Finance~~ Office Manager.

#### Payment Discounts

To the extent practical, the Coalition takes advantage of all prompt payment discounts offered by vendors. When such discounts are available, and all required documentation in support of payment is available, payments will be scheduled so as to take full advantage of the discounts.

#### Employee Expense Reports

Reimbursements for travel expenses, business meals, or other approved costs will be made only upon the receipt of a properly approved and completed expense reimbursement form. All required receipts must be attached, and a brief description of the business purpose of trip or meeting must be noted on the form. Expense reports will be processed for payment in the next ~~vendor payment~~ payroll cycle if received within two business days of the deadline. Expenses older than two months will not be reimbursed.

The Finance Manager will periodically check expense reports against timesheets to ensure agreement of dates and activities.

**Accounts Payable**

The Coalition is on a modified cash accounting method. From month to month expenses are recorded as they are paid. At the end of the fiscal year, unrecorded liabilities greater than $500 are recorded into the year the expense occurred regardless of when payment was made.

**Reconciliation of A/P**

At the end of each monthly accounting period the Finance Manager reviews the subrecipient payable account to the last invoice received from the subrecipient. Differences are investigated immediately.

~~Also on a monthly basis, the Finance Manager shall perform the following procedures:~~

* 1. ~~Check all statements received for unprocessed invoices.~~
	2. ~~Check the approved order document/purchase order file for open orders more than 60 days old and follow up.~~

Near fiscal year-end, staff will review all open purchase orders for any needed follow up.

**Management of Accounts Payable Vendor Master File**

Upon the receipt of an invoice from a new vendor that is not already in the Coalition’s vendor master file, the ~~Finance~~ Office Manager shall mail (or email) a Form W-9 and a request for completion of the Form W-9, including the vendor’s full address and Federal employer identification number.

The vendor file data will include the following data:

1. Vendor’s legal name and any DBA name(s)

2. Street address (payments may be mailed to a P.O. Box, but a street address must be in the file)

3. Federal employer identification number

4. Telephone number

5. Fax number (if applicable)

6. ~~Contact name~~

Payments shall not be made to any vendor whose file does not comply with the preceding requirements.

On an annual basis, vendors that have not been utilized over the preceding 24-month period shall be purged (or made inactive) from the master vendor file. When completed, Finance Managers will document that the purge of outdated vendors has been completed. In addition, on an annual basis an internal audit shall be performed of the master vendor file and of payment histories made to each vendor. ~~This analysis, to be performed by the Finance Manager shall consist of the following procedures, at a minimum:~~

~~1. Cross-checking of vendors with matching street or P.O. Box addresses~~

~~2. Review of payment histories for signs of repeat invoice numbers or other indications of duplicate payments~~

~~Any unexplained deviations or irregularities noted in connection with the preceding internal audit procedures shall be reported to the Office Manager.~~

**Verification of New Vendors**

The Office Manager will obtain completed W-9s for each new vendor and verify the payment mailing address. ~~perform additional procedures to validate the legitimacy of new vendors that shall be paid one-time or cumulative payments in excess of $10,000. For such vendors, the Office Manager shall perform a limited public records search and shall contact the vendor to validate the vendor’s existence.~~

###### F306 TRAVEL AND BUSINESS EXPENSES

###### Effective Date: 08/28/07

###### Revision Date: 08/05/09, 08/03/11, 06/06/12, 12/07/16, 09/20/17, 08/07/19, 12/01/21, 06/15/22

**Travel Regulations and Guidance**

[2 CFR Part 200.302, Financial management systems; 200.303, Internal controls; DFS Reference Guide~~, DFS State Travel Manual~~; s. 112.061, F.S. Per diem and travel expenses of public officers, employees, and authorized persons; chapter 69I-42 Florida Administrative Code (FAC); and FDOE Travel Policy DOE-IOP-500, effective 12/01/16.]

1. Policy disclosures
2. Travel expenses will be documented and reimbursed based on applicable state travel rules (includes DFS Reference Guide, State Travel Manual CFO Memos and DEL guidance).
3. Management has process in place to ensure proper authorization, review, approval, and guidelines to submit adequate supporting records. Includes blanket travel authorizations (if used), requirement to use state-issued travel authorization, travel advances and travel reimbursement forms that include all required signatures/statements from the traveler, requirement to use most economical and efficient method for each travel event.
4. Management has a process to ensure reimbursements do not exceed allowable amounts. Includes detail for allowable mileage reimbursement amounts, meal rates from statutes, travel per diem calculations, and recent travel restrictions to limit allowable daily room rates to ~~$150~~ $175 per day per traveler ~~[or $175 per night ONLY IF the lodging was associated with a meeting, conference, or convention organized or sponsored by the Coalition. (“Sponsored” meaning contributed money toward the event)]~~. Also includes processes to ensure only reasonable and necessary business-related costs are incurred. *(Above, yellow highlighted revisions made 07/15/22 regarding daily hotel rates. Changed from $150 to $175 per DEL’s review of SR Plan Amendment #31 and comments emailed 07/12/22 from Laura McKinley.)*
5. An independent review and approval process is in place for costs incurred by members of the management team.
6. Management has a process to document instances misuse by staff and issue notice of personnel actions taken/required (if applicable).

#### **Travel Approval**

In State:

#### All travel expenses (local and overnight), must be pre-approved by the C.E.O. (for Coalition employees), and by another Board Member or the Coalition Board of Directors (for the C.E.O. and/or Board members) prior to travel taking place.

The pre-approval can be processed using a ‘blanket’ approval for the entire fiscal year (to include an estimated dollar amount) or on an individual basis.

Out of State:

All out of state travel (for ALL Coalition employees and ALL board members) must be pre-approved by another Board Member or the Board of Directors prior to travel taking place.

#### **For Delegation of Authority policy (regarding C.E.O. travel approvals), see policy #OP101.**

#### **Travel Advances**

Funds will be advanced for upcoming travel only upon receipt of a completed and properly approved request for travel advance. Travel advances are generally limited to $200 unless there is an extraordinary need for additional funds. Travel advances are to be used only for the purpose intended. Travel expenses are to be made in accordance with the Coalition’s travel policies as explained later in this section.

Employees receiving travel advances are required to sign for the advance signifying their acknowledgement of, and agreement to, these policies. Employees receiving travel advances must submit an expense report within five (5) business days of returning from travel. Any outstanding advances more than 2 weeks old will be deducted from an employee's next paycheck.

**Employee and Director Business Travel**

All out-of-state Coalition related business travel must be pre-approved by the employee’s immediate supervisor or the Board of Directors.

At the conclusion of the Coalition business trip, an employee or member of the Board of Directors that has incurred business-related expenses should complete an expense report in accordance with the following policies:

1. Identify each separately incurred business expense (i.e., do not group all expenses associated with one trip together).

2. With the exception of parking, tolls, reimbursed mileage, and per diems, all business expenses must be supported with invoices/receipts.

3. Vendor receipts/invoices must be submitted for all lodging and any expenditure other than meals. Credit card charge slips do not represent adequate supporting documentation – a hotel receipt must be obtained to substantiate all lodging expenditures.

4. For airfare, airline-issued receipts should be obtained. If a traveler fails to obtain a receipt, other evidence must be submitted indicating that a trip was taken and the amount paid (for example, a combination of an itinerary, a credit card receipt, and boarding passes).

5. Mileage will be reimbursed at the standard rates currently in effect with DEL.

6. The business purpose of each trip must be adequately explained on each report.

7. General ledger account coding must be identified for all expenditures.

8. For all meals and other business expenditures, the following must be clearly identified:

a. Names, titles, the Coalitions, and business relationships of all persons involved

b. The business purpose of the meal or other business event (topics discussed, etc.)

9. All expense reports must be signed and dated by the employee or board member.

10. All expense reports must be approved by the C.E.O.

11. Only one expense report form should be prepared for each substantial trip.

12. The Office Manager maintains a current “Frequent Trips” travel mileage log, for employee use. The Office Manager adds or deletes locations from this log upon request from staff, and maintains the “MapQuest” documents in the Office Manager’s travel files. It is available on the Coalition share drive, and is reviewed and updated at least annually. Previous versions are saved in current files at least two fiscal years for subsequent reviews.

An employee will not be reimbursed for expense reports not meeting the preceding criteria. If the expense report results in a balance due to the Coalition (as a result of receiving a travel advance greater than actual business expenditures), the employee must return the cash to the Office Manager to deposit back into the Coalition checking account against the original check.

No further travel advances will be issued to any employee who has an outstanding balance due to the Coalition from previous business trips.

#### **Reasonableness of Travel Costs**

The Coalition shall reimburse travelers only for those business-related costs that are reasonably incurred. Accordingly, the following guidelines shall apply:

1. Suites and other upgraded rooms at hotels shall not be allowed. Travelers should stay in standard rooms.

2. Ask hotels for any available discounts – nonprofit, government or corporate rates.

3. When utilizing rental cars, travelers must rent compact size cars. When the number of passengers is more than two (2) or the volume of materials to be transported makes use of a compact vehicle impractical, travelers can rent a larger size relative to the needs. Share rental cars whenever possible.

4. Business-related long-distance telephone calls while away on business travel are permitted, but should be kept to a minimum. Expense reports should explain long-distance charges.

5. Personal long-distance calls while away on business are reimbursable if kept to a minimum, such as one nightly call home to family. Personal calls in excess of this shall not be reimbursed.

6. Whenever possible, travelers should utilize long-distance calling cards when placing calls while away on travel. Avoid using the hotel’s long-distance service if possible.

7. Foreign travel charged to Federal grants must be approved in writing by the funding source prior to travel.

#### **Special Rules Pertaining to Air Travel**

The following additional rules apply to air travel:

1. Air travel should be at coach class or the lowest commercial discount fare at the time the ticket is purchased except when this fare would:

 a. Require circuitous routing

 b. Require travel during unreasonable hours

 c. Excessively prolong travel

 d. Result in additional costs that would offset the transportation savings, or

 e. Offer accommodations not reasonably adequate for the traveler’s medical needs.

2. First class air travel shall not be reimbursed unless there is a documented medical reason, and such use must be documented.

3. Memberships in airline flight clubs are not reimbursable.

4. Cost of flight insurance is not reimbursable.

5. When airfare is $500 or more, two quotes from a travel agency and/or an airline should be obtained and attached to the expense report.

6. When returning on a Sunday or departing on a Saturday in order to obtain a cost savings in airfare due to the Saturday-night stay-over, travelers should provide a total cost comparison (showing that the lower airfare plus an extra night lodging, meals & incidentals is less costly than airfare without the Saturday night stay-over).

7. Cost of upgrade certificates is not reimbursable.

8. Cost of canceling and rebooking flights is not reimbursable, unless it can be shown that it was necessary or required for legitimate business reasons (such as changed meeting dates, etc.).

9. Travelers must identify and pay for all personal flights, even if such flights are incorporated into a flight schedule that serves business purposes (i.e., the Coalition will not reimburse for the personal legs of a trip).

#### **Spouse/Partner Travel**

The Coalition does not reimburse any employee or board member for separate travel costs (air fare, etc.) associated with his/her spouse or partner. The cost of a shared hotel room need not be allocated between employee/director and spouse/partner for purposes of this policy.

###### F308 CREDIT CARDS

###### Effective Date: 08/28/07

###### Revision Date: 03/19/08, 08/06/08, 06/26/14, 12/07/16, 06/15/22

**Use of Credit Cards/Purchasing Cards**

[2 CFR Part 200.302, *Financial management systems*; 200.303, *Internal controls*]

The Coalition recognizes there will be occasions when employees need to use a corporate purchase/credit card for travel, employee reimbursements and other purchases. The processes listed here will be followed.

1. Credit card policy disclosures/processes:
2. Management has a process to issue purchase/credit cards and to periodically review names of users to ensure the cards are issued to appropriate staff members.
3. Management has a process to ensure card users receive notice of usage guidelines, to include; safeguarding of issued cards, card holder duties, tips to avoid identity theft, and prohibited purchases/activities. (See the Coalition’s “Corporate Credit Card Policy and Acknowledgement” form.)
4. Purchasing cards/credit cards are not used to circumvent compliance with normal requisitioning transactions. **(For requisitioning/purchase order policy, see policy #F305.)**
5. Staff prepares reconciliations and maintains adequate supporting records for disbursements and employee reimbursements made by credit card.
6. Management periodically reviews purchase activities and employee reimbursements made by credit cards to ensure these purchases are allowable and are not being split to stay below established spending thresholds.
7. An independent review and approval process is in place (delegation of authority items reviewed at board meetings**– see policy #OP101**) for purchases made by members of the management team.
8. Management has a process to document instances of card misuse by staff and issue notice of personnel actions taken/required (if applicable).
9. Credit card policy elements/staff instructions:
10. Coalition processes to safeguard purchase card/credit cards when not in use (See “Secure and Safe Custody of Corporate Credit Cards” below**)**.
11. Unauthorized, unallowable, and personal transactions are prohibited for staff.
12. Authorized spending levels/delegation of authority **(see policy #OP101)** are the same for credit card purchases as they are for all other purchases.
13. Due dates for supporting documentation (see “Cardholder Responsibilities” below.)
14. Supporting documentation requirements [source: *DFS Reference Guide for State Expenditures*]
15. Original receipts supporting transactions are maintained and marked/de-faced once payment has been authorized/made.
16. Receipts must clearly reflect a description of the goods or services acquired, number of units, and cost per unit. The combination of several documents to provide the description, number of units, and cost per unit may be used (i.e., quote sheets, packing slips, web page screen-prints, cash register receipts, charge slips). Numerical code descriptions alone are not acceptable.

(a) All receipts for commodities shall be signed and dated by the cardholder to indicate the receipt, inspection, and acceptance of the goods or services.

(b) Receipts for services require clear evidence that services were **satisfactorily** received.

1. Acronyms and non-standard abbreviations for programs or organizational units within an agency should not be used in the supporting documentation unless an explanation is also included.
2. Periodic reports to/reviews by management (see “Cardholder Responsibilities” below.)
3. Process/policy for personnel/disciplinary actions for misuse (if required). (See “Revocation of Corporate Credit Cards” below.)
4. Additional requirements for credit cards [DFS CFO Memo No. 02]
5. Florida’s Reference Guide for State Expenditures requires that State expenditures may not be used to pay annual fees to a credit card company.
6. State statute prohibits sellers and lessors from charging convenience fees and surcharges for the use of credit cards.
7. Such costs are unallowable, and should not be submitted for reimbursement.
8. Florida law also provides that any person who violates this provision is guilty of a second degree misdemeanor.
9. If this activity occurs additional vendor notifications may be required.

**Issuance of Corporate Credit Cards**

###### It is the policy of the Coalition to authorize the C.E.O. and staff authorized by the C.E.O. to utilize the Corporate Credit Card to purchase commodities or services under $5,000.00, on an as-needed basis. This would be due to timelines or other situations. The Corporate Credit Card will be paid in full each month upon completion of the voucher package for payment process.

**Cardholder Responsibilities**

Every month, each cardholder will be provided with a statement detailing the expenditures that were charged to his/her corporate credit card. The cardholder will review this statement within five days for any inadvertent personal or unauthorized uses of the card. Cardholders must reimburse the Coalition for any such inadvertent personal charges within the same five-day period.

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

Personal use of corporate credit cards is strictly prohibited. Any personal use will subject the employee to the Coalition’s disciplinary actions discussed earlier in this manual.

Management staff other than the cardholder shall indicate their secondary review and approval of the cardholder’s statement by initialing the statement. The statement shall then be forwarded to the Office Manager, accompanied by original supporting documentation for all charges. Documentation of meals, travel and valid business expenditures shall include all of the same elements as described in the earlier policy on “Travel and Business Expenses” (i.e., names of people involved, business purpose, etc.).

The Board of Directors has limited the amount that the C.E.O. may purchase without approval. This amount is $5,000.00. Purchases cannot be split into individual amounts to avoid the expenditure limit.

The Board of Directors will also get a copy of the monthly billing statements at the Executive/Administrative Committee or Board meeting for review.

**Secure and Safe Custody of Corporate Credit Cards**

Each employee who is issued a corporate credit card is solely responsible for the safekeeping and security of the credit card.

Cardholders shall report the loss or theft of a corporate credit card immediately by notifying the credit card company as well as the C.E.O.

**Revocation of Corporate Credit Cards**

Failure to comply with any of these policies associated with the use of the Coalition’s corporate credit cards shall be subject to possible revocation of credit card privileges. The Coalition board chair with the approval of full board of directors, shall determine whether credit cards are to be revoked.

**Employee Credit Cards**

Employees and officers incurring legitimate Coalition business expenses are expected to utilize their personal credit cards for such expenditures, only in emergency situations where use of the Corporate Credit Card, or other means, is not feasible. The Coalition shall reimburse employees for properly supported and documented business expenditures charged to personal credit cards within five business days of the employee’s credit card statement and proper completion of an expense report.

However, personal credit cards should not be used for large purchases or expensive items such as: flights, hotel stays, equipment, etc.

Any bonuses or rebates awarded to an employee through their personal credit card, belongs to the employee.

Travel advances may be requested in special circumstances. (See the earlier policy on Travel and Business Entertainment for expense report preparation procedures.)

# Early Learning Coalition of North Florida

# Corporate Credit Card Policy and Acknowledgement

 Notice of Coalition Credit Card Usage Guidelines

### **Summary**

* The corporate card cannot be used for cash advances, personal or non-business related purchases.
* The Coalition is tax-exempt. As such when using the credit card, the user should ensure that the vendor is provided with the tax-exempt forms and that, when possible, they are not

charged state sales tax.

* Card numbers should not be distributed beyond the cardholder’s designee and should not be saved in online accounts to which others have access.
* The cardholder is responsible for ensuring the credit card purchases are within budget and

properly approved.

* Receipts need to be turned in to the finance department within five business days of receiving the statement. Receipts must be taped to a sheet of 8.5 X 11” plain paper, with the amount matching the statement circled.

### **Background**

The preferred payment method is through vendor invoices and Coalition checks. This method allows for budget compliance and ensures that the organization gets certain discounts and does not pay sales taxes. However, in some cases, this is not feasible for a variety of reasons. As such, select people are provided with corporate credit cards.

### **Eligibility**

Only personnel specifically authorized by the Chief Executive Officer are provided with corporate credit cards.

### **Allowable Uses**

Corporate credit cards are for business purposes only. Corporate cards may not be used for cash advances for any reason. Corporate credit cards are intended for vendors that may not accept Coalition checks or may request advance payment, or for employee purchases during travel or emergency purchases.

### **Tax Exemption**

The Coalition is exempt from state sales tax. The documentation is available upon request from the finance department. All purchasers should provide this information to vendors at the time of purchase to ensure that they are not paying state sales tax on purchases.

### **Card Number Security**

The person whose name the corporate credit card is in is solely responsible for all purchases on the card and ensuring that their credit card number is not used by unauthorized personnel. As such, the cardholder shall NOT share their card number with anyone. In addition, the credit card should not be stored in an online account that anyone other than the cardholder has access to.

### **Approvals**

All purchases with corporate cards are to be expressly approved by the card holder along with the Finance Manager. No purchases shall be made for amounts not included in the Coalition’s budget or purchasing threshold.

### **Receipts**

The credit card holder is responsible for receiving, printing and retaining all receipts related to credit card purchases. This includes receipts related to online purchases. The cardholder shall label all receipts with a description of what it is for to ensure proper coding by the finance department. **All receipts must be submitted to the finance department within five business days of receiving the statement.** Original receipts should be sent to the finance department (with a copy retained by the card holder or their designee). If a receipt is accidentally lost, a written description of the items and cost must be submitted.

### **Termination**

Upon the termination of employment of a cardholder for any reason, all cards must be cancelled and returned, along with any other Coalition owned items.

### **Policy Violations**

Violations of this policy may result in anything from a warning to cancellation of the card to termination, depending on the severity of the violation.

**In addition to this policy**, employees must review policy **#F308** of the Coalition’s Accounting and Financial Policies and Procedures – located on the company share drive.

# Early Learning Coalition of North Florida

# Corporate Credit Card

# Policy Acknowledgement

Card Holder

## I, , hereby acknowledge that I have received a Coalition credit card in my name. I have been provided with and read the corporate credit card policy (to include policy **#F308** of the Coalition’s Accounting and Financial Policies and Procedures), and I understand that I am responsible for complying with the policy rules. I understand that violation of such policy may result in consequences including cancellation of my card and/or possible termination of employment.

Credit Card Name/Account Number

Issue Date Expiration Date

## Card Holder Signature Date

###### F402 CAPITALIZED ASSETS AND INVENTORY REQUIREMENTS

###### Effective Date: 08/28/07

###### Revision Date: 10/01/08, 09/16/09, 02/12/13, 12/04/13, 04/08/15, 03/16/16, 09/11/19

#### Policy

The Coalition staff, and sub-recipient staff, is responsible for the safeguarding of financial and physical assets and being alert to possible exposures, errors, and irregularities. The Coalition, and sub-recipient(s), are required to:

* maintain an accurate inventory control of non-expendable, tangible real property
* record the acquisition of new property
* document the transfer of property from one location to another
* provide documentation when property is being repaired
* complete physical inventories as required by law
* alert management when property is missing or suspected stolen
* obtain approval prior to disposing of property
* ensure that unauthorized use of property is prohibited

**CAPITALIZED ASSETS**

**Capitalization Threshold**

The Coalition’s capitalization threshold is any item that was either purchased for $5,000 or more or was contributed to the Coalition with a fair market value of $5,000 or more, and has a useful life of at least one (1) year.

**Capitalized Assets - Purchased**

Items with unit costs below the Coalition’s capitalization threshold shall be expensed in the year purchased. Capitalized assets are accounted for at their historical cost and all such assets, except land, are subject to depreciation over their estimated useful lives, as described within these policies.

If an awarding agency requires a lower capitalization threshold, the Coalition will adhere to that dollar amount only for that program or contract.

Capitalized assets will be reported as expensed for grants if they were so budgeted in the grant application. However, for the Coalition’s financial statements, these assets will be capitalized and depreciated according to these policies.

#### Capitalized Assets – Contributed

Assets with fair market values in excess of the Coalition’s capitalization threshold that are contributed to the Coalition, or a sub-recipient for the Coalition, shall be capitalized as fixed assets on the financial statements. Contributed items with market values below the Coalition’s capitalization threshold shall be expensed in the year contributed.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described within these policies.

**Capitalized Assets - Depreciation and Useful Lives**

All capitalized assets are maintained in the special property account group and are not included as an operating expense. Property is depreciated over its estimated useful lives using the straight-line method, half-year convention.

Recovery periods are as follows:

1. 5-year property:
	* Computers and peripheral equipment
	* Office machinery (such as typewriters, calculators, and copiers)
	* Vehicles
2. 7-year property:
* Office furniture and fixtures (such as desks, files, and safes)
* Any property that does not have a recovery period as designated by the IRS
1. Any other property will follow the IRS guidelines on length of recovery period
2. Alternatively, at the direction of the Finance Manager capitalized assets may be depreciated over useful lives expressed in terms of units of production or hours of service in place of the preceding useful lives expressed in terms of time.

Residual value of capitalized assets shall be determined by the Accounting Department in conjunction with the department or employee that shall utilize the asset.

For accounting and interim financial reporting purposes, depreciation expense will be recorded on an annual basis.

**Capitalized Assets - Changes in Estimated Useful Lives**

If it becomes apparent that the useful life of a particular capitalized asset will be less than the life originally established, an adjustment to the estimated useful life shall be made. All such changes in estimated useful lives of capitalized assets must be approved by the Finance Manager.

When a change in estimated useful life is made, the new life is used for purposes of calculating annual depreciation expense. In the year in which the change in estimate is made, the cumulative effect of the change shall be reflected as depreciation expense in the Coalition’s statement of activities.

For example, if in the fourth year of an asset’s life, it is determined that the asset will last five years instead of the original estimate of seven years, depreciation expense for that year shall be equal to the difference between 4/5 of the asset’s basis (accumulated depreciation at the end of year four) and 3/7 of the asset’s basis (accumulated depreciation at the beginning of the year).

#### Capitalized Assets - Repairs

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.

Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life.

**Capitalized Assets - Establishment and Maintenance of a Fixed Asset Listing**

All capitalized property shall be recorded on the Fixed Asset Listing Report. This report shall include the following information with respect to each asset:

1. Date of acquisition
2. Unit acquisition cost (computed by including freight, insurance, and any other shipping costs divided by number of units)
3. Description (such as color, name, make, model, manufacturer and

serial number or other identification number)

1. Depreciation method
2. Estimated useful life
3. Book Value
4. Depreciation amount
5. Residual value of asset

**INVENTORY REQUIREMENTS**

**Items to be Inventoried**

All nonexpendable property (as listed below), purchased by the Coalition, or a sub-recipient of the Coalition, are to be maintained, safeguarded, inventoried and accounted for:

* Equipment, fixtures, or other tangible personal property of a non-consumable and nonexpendable nature, with a value or cost of $1,000.00 or more and a normal life expectancy life of one (1) year or more
* Portable or attractive items such as computers which may contain sensitive or confidential information (However, if they were under the cost threshold at time of acquisition, these items may be inventoried and accounted for by a means other than the official inventory report.)

**Inventory Procedures**

The Coalition, and sub-recipient(s), are required to adhere to these policies and procedures when establishing and maintaining the Property Inventory Reports, and per the following regulations as appropriate; Chapter 69I-73, FAC, Chapter 274, F.S., and 45 CFR Part 75.

When tangible property is purchased from combined federal and state funding, the more restrictive requirements apply.

**Inventory Maintenance and Reporting Procedures**

All property that is required to be recorded on the Property Inventory Report shall include the following information with respect to each item:

1. Date of acquisition
2. Unit acquisition cost (computed by including freight, insurance, and any other shipping costs divided by number of units)
3. Method of acquisition (and if purchased; voucher, check, or warrant number)
4. Description (such as color, name, make, year, model name/number, manufacturer, and a serial number or other identification number)
5. Funding source of the property, including the grant award number and other cost accumulator (OCA)
6. A statement that the title vests in the Coalition
7. Information to calculate the Federal share of the cost of the property, if applicable
8. Physical location of property and use
9. Name of custodian
10. Property tag identification number
11. Date that the item was last inventoried and the condition of the item as of that date, using the appropriate condition code as described here:
* (E) Excellent: The item is in excellent serviceable condition.
* (G) Good: The item is in reusable and serviceable condition.
* (F) Fair: The item is worn but is in reusable condition and can be cleaned, polished, and placed back in use with minimum repair or maintenance.
* (P) Poor: The item is very worn, old, or obsolete and requires major repairs before use. This type of grant-purchased property may have parts, which may be useful.
* (S) Scrap: The item is not usable by the Coalition. The item is obsolete or non-repairable, unserviceable, and may present a health or safety hazard.
1. Ultimate Disposition Data, including date of disposal and sales price (if applicable), **OR** the method used to determine current fair market value ***where*** a recipient compensates the awarding agency for its share. When determining fair market value, the Coalition will use a comparison of recent purchase prices of similar item(s) and/or the written opinions of applicable professionals.

**Inventory Maintenance and Reporting Procedures for Sub-recipients**

1. The sub-recipient must be granted Coalition prior approval for all items that are included in the “Contractor Prior Approval Guidance” issued by the Coalition.
2. The sub-recipient must assign a Property Custodian. The Property Custodian will be entrusted with five Coalition tag number decals, at a time, for assignment and placement, and will be responsible for maintaining the Coalition’s Property Inventory Report, as it pertains to the sub-recipient (actual property in sub-recipient’s custody).
3. The Property Custodian will review copies of the vendor invoices to ensure all purchases requiring inventory recording are added to the Coalition Property Inventory Report.
4. All purchases that require inventory recording will then be highlighted (or indicated in another agreed-upon manner) on the vendor invoice and added to the Coalition’s Property Inventory Report.
5. As property is purchased, the Property Custodian will submit to the Coalition an updated Coalition Property Inventory Report, corresponding vendor invoices w/highlights, and references and/or copies of all corresponding Coalition prior approvals.
6. The Property Custodian will request additional tag number decals, from the Coalition, as needed.
7. The Property Custodian is responsible for internal inventory relocation reporting, to ensure the Coalition Property Inventory Report is kept current.
8. The Property Custodian will perform annual physical inventories, of all operating sites, with Coalition staff by **September 1** of each fiscal year, unless the Sub-recipient/Coalition contract is ending in the current fiscal year.
9. **If the contract ends June 30 of the current fiscal year**, the annual physical inventories must be completed with Coalition staff **by May 31** in preparation for transition activities. In addition, **ALL** equipment and furniture purchases for the remainder of the contract would require Coalition Prior Approval.
10. In the case of a unilateral contract termination, no equipment or furniture purchased (from the date of notification) will be reimbursed by the Coalition.
11. If, at any time, property is missing or thought to have been stolen, the Property Custodian must alert the Coalition immediately.
12. Before disposing of any Coalition property, the Property Custodian must contact the Coalition and follow DEL policy. Final disposition will be updated on the Coalition Inventory Report.

**CAPITALIZED ASSETS *AND* INVENTORY REQUIREMENTS**

**Property Purchased With Federal Funds**

The Coalition may occasionally purchase property that will be used exclusively on a program funded by a Federal agency. Property charged to Federal awards will be subject to certain additional policies as described in this policy.

All applicable purchases of “property” with Federal funds shall have prior approval, in advance and in writing, by the Federal awarding agency and per Federal awarding agency’s prior approval process. In addition, the following policies shall apply regarding property purchased and charged to Federal awards:

1. Adequate insurance coverage will be maintained with respect to property charged to Federal awards.

2. For property (or residual inventories of supplies) with a remaining per unit fair market value of less than the Coalition’s capitalization threshold at the conclusion of the award, the Coalition shall retain the property without any requirement for notifying the Federal agency.

3. If the remaining per unit fair market value is more than the Coalition’s capitalization threshold, the Coalition shall gain a written understanding with the Federal agency regarding disposition of the property. This understanding may involve returning the property to the Federal agency, keeping the property and compensating the Federal agency, or selling the property and remitting the proceeds, less allowable selling costs, to the Federal agency.

4. The Grants and Operations Manager shall determine whether a specific award with a Federal agency includes additional property requirements or thresholds and requirements that differ from those described above.

5. A physical inventory of all property purchased with Federal funds shall be performed annually. The results of the physical inventory shall be reconciled to the accounting records of and Federal reports filed by the Coalition.

**Physical Inventory**

A physical inventory of all capitalized assets and inventoried property will be taken on an annual basis by the Coalition, as well as whenever there is a change of custodian. The Coalition must provide the updated Master Property Inventory List to DEL no later than **October 1** of each year or **within 30 days** of a change in custodian. All serial numbers and Coalition-assigned tag numbers will be double-checked for accuracy. This physical inventory shall be reconciled to the Fixed Asset Listing and the Property Inventory Report and adjustments made as necessary. All adjustments resulting from this reconciliation will be approved by the Finance Manager, and the fixed asset detail will be reconciled to the general ledger.

**Purchases of Shared Assets/Inventoried Property**

If the Coalition agrees to share its assets or inventoried property with another coalition, through a common contractor/sub-recipient, the coalition with whom the title vests must be established and agreed upon before purchase. In addition, full disclosure of any shared purchase/allocation must be provided with the Coalition’s invoice.

## Receipt of Newly-Purchased Property

At the time of arrival, all newly-purchased property shall be examined for obvious physical damage. If an item appears damaged or is not in working order, it shall be returned to the vendor immediately.

In addition, descriptions and quantities of items per the packing slip or bill of lading shall be compared to the items delivered. Discrepancies should be resolved with the vendor immediately.

Staff who receives shipments must verify the receipt and inspection of all goods by signing and dating the vendors’ packing slips, as well as making any corrective notations on the packing slip when applicable.

**Use of Equipment**

Disclosures related to the use of equipment are mandated by uniform grant guidance [45 CFR Part 75.320(c), Use of equipment].

* + Equipment is used by the funding program/project as long as needed;
	+ If there’s extra capacity available, use the equipment for other partnering programs/projects;
	+ If used for other programs/projects any related usage fees must equal those charged by other private companies for the same equipment; and
	+ If new equipment is needed, current equipment may be sold or used for trade-in negotiations to offset newer equipment costs (subject to DEL prior approval).

**Maintenance Procedures and Safeguards of Equipment**

Federal regulations require that the custodian implement adequate procedures to ensure the equipment is kept in good condition and safeguards to prevent loss, damage, or theft of the property.

The Coalition uses the following three steps as a general guideline to ensure proper maintenance and safeguarding of equipment items have been performed:

* + 1. Review all items purchased with federal and state funds to determine whether they are in good

 condition.

* + 1. Provide maintenance services to items identified as not in good condition.
		2. Initiate a disposition process for those items that are not usable or unable to repair.

In addition, the Coalition ensures preventative measures are taken such as I.T. equipment maintained by the coalition’s I.T. vendor on a regular basis, adequately securing equipment to mitigate risk of theft, and instructing staff on proper use of equipment.

**Note:** Leased equipment (such as copiers, printers, etc.) are not listed on inventory reports, but are maintained per the lease agreement.

**Transfer of Property and Property Records**

The inventory custodian must document the transfer of grant-purchased property from one office to another, or from one location to another within the same Coalition. This is done by updating the new physical location on the Master Property Inventory List and the Property Tag Assignment records.

**Disposition of Property**

The Coalition Board of Directors approves the disposal of all capitalized fixed assets and inventoried property that may be worn out, obsolete, or no longer needed for the original project or program.

**Priority for Disposition**

When disposing of property, the custodian must use the equipment in connection with its other federally-sponsored activities, if any, in the following order of priority:

* + 1. Programs, projects or activities the Health and Human Services (HHS) awarding agency sponsors.
		2. Programs, projects or activities other HHS awarding agencies sponsor.
		3. Programs, projects or activities other federal agencies sponsor.

Effective July 1, 2015, all equipment items in excess of $5,000 proposed to be disposed must obtain DEL written prior approval [45 CFR Part 75.320(e)(2), Disposition].

**Recording and Reporting of Disposed Items**

If an item is sold, scrapped, donated or stolen, adjustments need to be made to the Fixed Asset Listing and Property Inventory Report after following prescribed applicable awarding agency instructions. If money is received for the item, then the difference between the money received and the "book value" (purchase price less depreciation) of the item will be recorded as a loss (if the money received is less than the book value) or a gain (if the money received is more than the book value). Proceeds received for inventory items are program income for the program that originally funded the purchase.

**Note:** Per FS 274.07, after each annual physical inventory, all disposition documents must be board approved. After approval (and upon actual disposition of the item), the individual property record for each item lawfully disposed of must be transferred to a disposed property file. The inactive surplus disposed property file must then be maintained for at least five years after the date of disposition.

**Write-Offs of Property**

Any and all items that are discovered to be missing or stolen must be reported immediately to the Coalition, who will then notify and follow the procedures of the awarding agency. After following all required processes, the Coalition will remove items off the accounting records that are no longer in the Coalition’s (or sub-recipient’s) custody.

**F602 GOVERNMENT RETURNS**

###### Effective Date: 08/28/07

###### Revision Date: 08/03/11, 03/09/22

**Overview**

To legitimately conduct business, the Coalition must be aware of its tax and information return filing obligations and comply with all requirements of Federal, state and local jurisdictions. Filing requirements of the Coalition include, but are not limited to, filing annual information returns with IRS [state charitable solicitation reports, annual reports for corporations, income tax returns, information returns for retirement plans, annual reporting of compensation paid, and payroll tax withholding tax returns].

**Filing of Returns**

The Finance Manager shall be responsible for identifying all filing requirements and assuring that the Coalition is in compliance with all such requirements. The Coalition will file complete and accurate returns with all authorities and make all efforts to avoid filing misleading, inaccurate, or incomplete returns.

Filings made by the Coalition include, but are not limited to, the following returns:

1. **Form 990** - Annual information return of tax-exempt the Coalitions, filed with IRS. Form 990 for the Coalition is due on the fifteenth day of the fifth month following year-end. An automatic 3-month extension of time to file Form 990 may be obtained filing Form 8868. Upon expiration of the first 3-month extension, a second 3-month extension may be requested using Form 8868.

2. **Form 990-T** - Annual tax return to report the Coalition’s unrelated trade or business activities (if any), filed with IRS. Form 990-T is due on the fifteenth day of the fifth month following year-end. An automatic 6-month extension of time to file Form 990-T may be obtained by filing Form 8868.

3. **Form 5500** - Annual return for the Coalition employee benefit plans. Form 5500 is due July 31, but a request for extension of time to file may be filed.

4. **W-2's and 1099's** - Annual report of employee and non-employee compensation, based on calendar-year compensation, on the cash basis. These information returns are due to employees, ~~and~~ independent contractors, and ~~by January 31 and to~~ Federal Government by ~~February 28~~ January 31. W-2s are due to employees and the IRS by February 1.

5. **Form 941** - Quarterly payroll tax returns filed with IRS to report wages paid to employees and Federal payroll taxes. Form 941 is due by the end of the month following the end of each quarter, or 10 days later if all payroll tax deposits have been made in a timely manner during the quarter.

The Coalition's fiscal and tax year-end is June 30. All annual tax and information returns of

Federal and all applicable state payroll tax returns are prepared by the Coalition's external payroll service.

**Public Access to Returns**

Under regulations that became effective in 1999, the Coalition is subject to Federal requirements to make the following forms "widely available" to all members of the general public:

1. The three most recent annual information returns (Form 990), [excluding the list of significant donors (Schedule B) that is attached to the Form 990, but including the accompanying Schedule A], and

2. The Coalition's original application for recognition of its tax-exempt status (Form 1023 or Form 1024), filed with IRS, and all accompanying schedules and attachments.

The Coalition adheres to the Coalition’s **Operational Policy #OP204, Public Records Request**, in order to comply with public disclosure requirements.