



**NORTHWEST REGIONAL  
WORKFORCE INVESTMENT BOARD**  
FIRST JOB | NEXT JOB | BEST JOB

**EXECUTIVE COMMITTEE MEETING AGENDA**  
**Wednesday, January 6<sup>th</sup>, 2021 at 8:00 AM**

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1. Approval of Executive Committee Meeting Minutes from November 4<sup>th</sup>, 2020
2. Approval of the Revised Financial Policies and Procedures
3. Other business
4. Adjournment



**NORTHWEST REGIONAL  
WORKFORCE INVESTMENT BOARD**  
FIRST JOB | NEXT JOB | BEST JOB

**EXECUTIVE COMMITTEE MEETING MINUTES**  
**Wednesday, November 4<sup>th</sup>, 2020 at 8:00 AM**

**VIA Virtual Conference Video Call at:**

**<https://global.gotomeeting.com/join/293640557>**

United States: [+1 \(571\) 317-3112](tel:+15713173112)

**Access Code:** 293-640-557

***Participating: C. Awwad, J. Wrinn, M. Hayden, J. Pisani, J. Vrabely, J. Ryan, W. Pizzuto, S. Mertz, A. Goncalves.***

***Meeting commenced at 8:03 AM***

**\*A motion was made by W. Pizzuto to add items 2e. and 2f. Seconded by J. Wrinn. Motion approved.**

**1. Approval of Minutes from September 2020**

A motion to approve was made by J. Wrinn and seconded by W. Pizzuto. Motion approved.

**2. Approval of Amendments to the following CYEP contract to allow for year-round programming:**

**a. Greater Waterbury YMCA (\$132,897.94)**

A motion to approve was made by W. Pizzuto and seconded by J. Wrinn. Motion approved.

**b. Waterbury Youth Services (\$127,755.25)**

A motion to approve was made by W. Pizzuto and seconded by J. Wrinn. Motion approved.

**c. Boys and Girls club of Greater Waterbury (\$28,817.80)**

A motion to approve was made by W. Pizzuto and seconded by J. Wrinn. Motion approved.

**d. Town of New Milford (\$36,667)**

A motion to approve was made by W. Pizzuto and seconded by J. Wrinn. Motion approved.



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**\* Added: e. Town of Newton (\$22,365.09)**

A motion to approve was made by W. Pizzuto and seconded by J. Wrinn. Motion approved.

**\* Added: f. Health 360 – CACYEP Act (\$127,405.22)**

A motion to approve was made by W. Pizzuto and seconded by J. Wrinn. Motion approved.

**3. Approval of Contract with Borough of Naugatuck for DCF Year-Round Youth program (\$8,097.97)**

A motion to approve was made by W. Pizzuto and seconded by J. Wrinn. Motion approved.

**4. Approval of MOU with THE CONNECTICUT WORKFORCE DEVELOPMENT COUNCIL (CWDC)**

A motion to approve was made by W. Pizzuto and seconded by J. Ryan. Motion approved.

**5. Approval of Addition of CFO to Banking Documents for purposes of adding additional signatory.**

A motion to approve was made by W. Pizzuto and seconded by J. Vrabely. Motion approved.

**6. Other business**

*\* Under discussion the executive committee was informed that the request for proposals for the career services and jaffas case management was released on November 2nd. A bidders conference will be held on December 2nd and proposals are due to be returned on January 20th 2021. The one stop committee of the board will be responsible for the review and scoring of the proposals with a recommendation to be forwarded to the full board for consideration at its March 2021 meeting.*

**7. Adjournment**

Motion to adjourn was made by W. Pizzuto and seconded by J. Vrabely at 8:18 AM. Motion approved.

**AJC (R) "A proud partner of America's Job Center Network."**

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Department of Social Services • Board of Education and Services for the Blind • CT Job Corp Center  
Naugatuck Valley Community College • Northwestern CT Community College  
Bureau of Health/Nutrition Family Services and Adult Education

# **Northwest Regional Workforce Investment Board**

## **Accounting & Financial Policies and Procedures Manual**

### **Effective Date of Accounting Policies**

The effective date of all accounting policies described in this manual is July 1, 2003. If a policy is added or modified subsequent to this date, the effective date of the new/revised policy will be indicated below.

Amendments Approved August 11, 2004

Amendments Approved November 2012

Amendments Approved April 3, 2013

Amendments Approved September 29, 2015

Amendments Approved Nov 1, 2017

Amendments Approved Nov 1, 2018

Revisions Approved January 6, 2021

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## INTRODUCTION

The following fiscal policy manual is intended to provide an overview of the accounting policies and procedures applicable to the Northwest Regional Workforce Investment Board, which shall be referred to as NRWIB or “the Organization” throughout this manual.

**Northwest Regional Workforce Investment Board** is incorporated in the state of Connecticut. The NRWIB is exempt from federal income taxes under IRC Section 501(c)(3) as a nonprofit corporation. The Northwest Regional Workforce Investment Board’s tax-exempt mission is to develop and oversee a complete system of services for the employment and training of Connecticut’s workforce.

This manual shall document the financial operations of the Organization. Its primary purpose is to formalize accounting policies and selected procedures for the fiscal staff and to document internal controls.

The contents of this manual were approved as official policy of the Organization by the Executive Committee. All NRWIB staff are bound by the policies herein, and any deviation from established policy is prohibited.

# **GENERAL POLICIES**

## **ORGANIZATIONAL STRUCTURE**

### **The Role of the Board of Directors**

The Northwest Regional Workforce Investment Board is governed by its Board of Directors, which is responsible for the oversight of the organization by:

1. Planning for the future
2. Establishing broad policies
3. Identifying and proactively dealing with emerging issues
4. Interpreting the organization's mission to the public
5. Soliciting prospective contributors
6. Contracting for the Executive Director
7. Establishing and maintaining programs and systems designed to assure compliance with terms of contracts and grants

The board is responsible for hiring and periodically evaluating the organization's Executive Director, who shall be responsible for the day-to-day oversight and management of the NRWIB.

### **Committee Structure**

Committees shall be formed according to the bylaws to assist the board in fulfilling its responsibilities. These committees represent vehicles for parceling out the board's work to smaller groups, thereby removing the responsibility for evaluating all of the details of particular issues from the full board's consideration. Standing board-level committees of the NRWIB shall consist of the following:

1. Executive Committee
2. Finance Committee
3. One Stop Committee
4. Personnel committee
5. Youth Committee
6. AD HOC Committee(s) –as needed
7. Disability Committee

Specific guidelines regarding the composition and election of the Board of Directors and committees are described in the organization's by-laws. However, roles of committees with direct responsibilities for the financial affairs of the organization are further described in this manual. These committees shall be referred to in appropriate sections of this manual.

## **Finance Committee Responsibilities**

The Finance Committee is responsible for direction and oversight regarding the overall financial management of the NRWIB. Functions of the Finance Committee include:

1. Review and recommendation of the organization's annual budget (prepared by the staff) for final approval by the full board and Chief Elected Officials.
2. Long-term financial planning
3. Evaluation and approval of facilities decisions (i.e., leasing, purchasing property)
4. Monitoring actual vs. budgeted financial performance
5. Oversight of reserve funds

The review of the organization's financial statements shall not be limited to the finance committee but shall involve the entire Board of Directors.

The Finance Committee is responsible for recommending the hiring of an independent CPA firm and for directly communicating with the CPA firm to fulfill the requirement for an annual audit, as described in the organization's by-laws. The Finance Committee shall review and approve the final audited financial statements, as well as any communications received from the auditor regarding internal controls, illegal acts, or fraud. The Finance Committee may also recommend the retention of outside firms for the purposes of internal audit or management consultation.

The Finance Committee serves as the primary point of contact for any employee who suspects that fraud has been committed against the organization or by one of its employees or board members.

The Finance Committee's role in the annual audit is more fully explained in the section of this manual covering the annual audit.

## **The Roles of the Executive Director and Staff**

The Board of Directors hires the Executive Director, who reports directly to the Board of Directors. The Executive Director is responsible for hiring and evaluating all employees of the NRWIB. All employees of the NRWIB report to the Executive Director or designee. Management shall maintain a current organizational chart.

# **FISCAL DEPARTMENT OVERVIEW**

## **Organization**

The fiscal department consists of staff that manage and process financial information for the NRWIB. The positions comprising the fiscal department of the organization, and the abbreviations of each position used throughout this manual, are as follows:

- Chief Financial Officer (CFO)
- Grants and Contracts Manager (GCM)
- Manager of Accounts Payable (MAP)

Other officers and employees of the NRWIB who have financial responsibilities, and the abbreviations of each position used throughout this manual, are as follows:

- Executive Director (ED)
- Deputy Director (DD)
- Manager of Workforce Development Programs (MWP)
- Board Chair (BC)
- Board Treasurer (TR)
- Finance Committee Chair (FC)
- Executive Committee (EC)
- Full Board of Directors (BOD)

## **Responsibilities**

The primary responsibilities of the fiscal department consist of:

- General Ledger
- Budgeting
- Cash and Investment Management
- Asset Management
- Grants and Contracts Administration
- Purchasing
- Accounts Receivable and Billing
- Accounting
- Tax Returns
- Cash Receipts
- Accounts Payable
- Cash Disbursements
- Payroll and Fringe Benefits
- Financial Statement Processing
- External Reporting of Financial Information
- Bank Reconciliation
- Reconciliation of Sub-Ledgers
- Compliance with Government and Contract Reporting Requirements
- Annual Audit
- Leases
- Infrastructure Agreements
- Insurance
- Fiscal Compliance with Uniform Guidance and State Cost Standards

## **BUSINESS CONDUCT**

### **Practice of Ethical Behavior**

Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The policies and reputation of the NRWIB depend to a very large extent on the following considerations.

Each Director and employee must apply her/his own sense of personal ethics, which should adhere to and extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. It is each employee's responsibility to apply prudent, common sense in business decisions where specific rules do not provide all the answers.

In determining compliance with this standard in specific situations, employees should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with the Organization's policy?
4. Am I sure my action does not appear inappropriate?
5. Am I sure that I would not be embarrassed or compromised if my action became known with the Organization or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?
7. Would I feel comfortable defending my actions on the 6 o'clock news?

Each employee should be able to answer "yes" to all of these questions before taking action.

The Executive Director is responsible for the ethical business behavior of her/his subordinates. The Executive Director must carefully weigh all courses of action suggested in ethical as well as economic terms and base his/her final decisions on the guidelines provided by this policy as well as their personal sense of right and wrong.

### **Conflicts of Interest**

In addition, no employee, officer, Board member, committee member, or agent of the Northwest Regional Workforce Investment Board shall participate in the selection, award, or administration of a contract involving the NRWIB if a real, potential or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, or any member of her or his immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial management, or other interest in the firm selected.

The Organization must disclose in writing any potential conflict of interest to the Federal or State awarding agency or pass-through entity in accordance with applicable awarding agency policy.



## **Compliance with Laws, Regulations and Organization Policies**

The Northwest Regional Workforce Investment Board does not tolerate the willful violation or circumvention of any Federal, state, local, or foreign law by an employee during the course of that person's employment; nor does the Organization tolerate the disregard or circumvention of the NRWIB policy or engagement in unscrupulous dealings. Employees should not attempt to accomplish by indirect means, through agents or intermediaries, that which is directly forbidden.

Implementation of the provisions of this policy is one of the standards by which the performance of all levels of employees will be measured.

### **Disciplinary Action**

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

Disciplinary action will be taken:

1. Against any employee who authorizes or participates directly in actions that are a violation of this policy.
2. Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
3. Against any employee of the Organization who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.
4. Any member of the Board of Directors or committee will be removed from the board or committee, as appropriate, for violation of this policy.

# **FRAUD POLICY**

## **Scope**

This policy applies to any fraud or suspected fraud involving employees, officers or directors, as well as members, subrecipients, consultants, contractors, funding sources and/or any other parties with a business relationship with NRWIB. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship with the NRWIB.

## **Policy**

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately to the Executive Director or, alternatively, to the Chair of the Northwest Regional Workforce Investment Board, who coordinates all investigations.

## **Actions Constituting Fraud**

The terms fraud, defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

1. Any dishonest or fraudulent act
2. Forgery or alteration of any document or account belonging to the Organization
3. Forgery or alteration of a check, bank draft, or any other financial document
4. Misappropriation of funds, securities, supplies, equipment, or other assets of the NRWIB
5. Impropriety in the handling or reporting of money or financial transactions
6. Disclosing confidential or proprietary information to outside parties
7. Accepting or seeking anything of material value from contractors, subrecipients, or persons providing goods or services to the NRWIB.
8. Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment
9. Any similar or related irregularity
10. Intentional violation of a law, regulation, or contractual term.

## **Other Irregularities**

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by the Executive Director and the Personnel Committee.

If there is a question as to whether an action constitutes fraud, contact the Executive Director or the Chair of the NRWIB for guidance.

## **Investigation Responsibilities**

The Personnel Committee has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. The Personnel Committee may utilize whatever internal and/or external resources it considers necessary in conducting an investigation. If an investigation substantiates that fraudulent activities have occurred, the Personnel Committee will issue reports to appropriate designated personnel and, if appropriate, to the Northwest Regional Workforce Investment Board's Board of Directors and/or the Executive Committee.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel, as will finally dispositions of the case.

If suspected fraud or other wrongdoing involves programs funded in whole or in part with federal funds, additional responsibilities, such as special reporting and disclosure to the awarding agency, may apply to the organization. It is the policy of the NRWIB to fully comply with all additional reporting, disclosure and other requirements pertaining to suspected acts of fraud as described in award documents, Uniform Guidance or awarding agencies policies.

## **Confidentiality**

The Personnel Committee and the Executive Director shall treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Executive Director or the Personnel Committee Chair immediately and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see **Reporting Procedures** section below).

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Organization from potential civil liability.

The Personnel Committee may conduct Executive Sessions in accordance with FOIA (Freedom of Information Act) rules when necessary to protect innocent individual(s) or safeguard the NRWIB from civil litigation.

## **Authority for Investigation of Suspected Fraud**

Members of the Personnel Committee, when acting on behalf of, and with the authority (charge) of The Personnel Committee, the Executive Committee, or the full Board may have access to:

1. NRWIB records and premises, whether owned or rented and:
2. The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any

individual who may use or have custody or any such items or facilities when it is within the scope of their investigations.

### **Reporting Procedures**

Great care must be taken in the investigation of suspected improprieties or irregularities to avoid mistaken accusations or alerting suspected individuals that an investigation is underway.

An employee who discovers or suspects fraudulent activity will contact the Executive Director or the Chair of the Personnel Committee immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Personnel Committee or legal counsel.

No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation", "the crime", "the fraud", "the forgery", "the misappropriation", or any other specific reference.

The reporting individual should be informed of the following:

1. Do not contact the suspected individual in an effort to determine facts or demand restitution.
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the NRWIB legal counsel or the Personnel Committee.

The NRWIB must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award.

# **SECURITY**

## **Fiscal Department**

The Northwest Regional Workforce Investment Board's corporate seals shall be stored in the Office of the Executive Director. Blank check stock shall be stored in cabinet locked with a key. Access to this file cabinet shall be by keys in the possession of the Manager of Accounts Payable.

## **Access to Electronically Stored Accounting Data**

It is the policy of NRWIB to utilize passwords to restrict access to fiscal software and data. Only authorized fiscal personnel with data input/reporting responsibilities will be assigned passwords that allow access to the system.

Fiscal personnel are expected to keep their passwords secret and to change their passwords on a regular basis, no less frequently than quarterly. Administration of passwords shall be performed by a responsible individual independent of programming functions. All passwords to computers, databases, bank accounts, and grants management programs must be filed with the Executive Director who will safeguard them in the administrative office.

Each password enables a user to gain access to only those software and data files necessary for each employee's required duties.

## **Storage of Back-Up Files**

It is the policy of the Organization to maintain back-up copies of electronic data files off-site in a secure, fire-protected environment. Access to back-up files shall be limited to individuals authorized by management.

## **General Office Security**

During normal business hours, all visitors are required to check in with the receptionist. After hours, a security code is required for access to the offices of the NRWIB. Keys are issued to employees at the discretion of the Executive Director.

# **TECHNOLOGY AND ELECTRONIC COMMUNICATIONS**

## **Purpose and Scope**

The purpose of this policy is to identify guidelines for the use of the NRWIB technologies and communications systems. This policy establishes a minimum standard that must be upheld and enforced by users of the organization's technologies and communications systems.

The term "user" as used in these policies refers to employees (whether full-time, part-time or limited term), independent contractors, consultants, and any other user having authorized access to, and using any of, the organization's computers or electronic communications resources.

Computer and electronic communications resources include, but are not limited to, host computers, file servers, stand-alone computers, laptops, printers, fax machines, phones, on-line services, E-mail systems, bulletin board systems, and all software that is used, owned, licensed or operated by NRWIB.

## **Acceptable Use of Organization Property**

Use of the organization's computers and electronic communications technologies is for programmatic, administrative and business activities of the NRWIB. All use of such resources shall be in an honest, ethical, and legal manner that conforms to applicable license agreements, contracts, and policies regarding their intended use. Although incidental and occasional personal use of the organization's communications systems are permitted, users automatically waive any rights to privacy.

In addition, the information, ideas, concepts and knowledge described, documented or contained in the organization's electronic systems are the intellectual property of the Organization. The copying or use of the organization's intellectual property for personal use or benefit during or after employment (or period of contract) with the NRWIB is prohibited unless approved, in writing, in advance by the Executive Director.

All hardware (laptops, computers, monitors, mice, keyboards, printers, telephones, fax machines, etc.) issued by the Organization is the property of the organization and should be treated as such. Users may not physically alter or attempt repairs on any hardware at any time. Users must report any problems with hardware to the Executive Director.

## **Password Security**

Users are responsible for safeguarding their log-in passwords. Passwords may not be shared, nor should they be printed where other people may have access or stored on-line. All users shall provide the Executive Director their log-in passwords. Users should not leave their computers unattended without logging off.

## **Confidentiality**

All information about individuals, families or organizations served by the NRWIB and any other personally identifiable information is confidential, **to the extent allowed by law**. No information may be shared with any person or organization outside the NRWIB unless required under the performance of a Federal or State contract or regulation without the prior written approval of the individual, family or organization and the Executive Director.

## **Data Security**

The NRWIB complies with federal and state data security statutes, including but not limited to, FERPA, the Gramm-Leach-Bliley Act, HIPAA and related state agency contracting policies, in the protection of all personally identifiable and other protected confidential information. The NRWIB does not maintain, use, disclose or share participant information in a manner not allowed under such laws or regulations. The NRWIB accepts responsibility for losses arising out of (i) its own acts or omissions that result in a breach of personally identifiable information or failure to comply with applicable law regarding protection of confidential information, and (ii) its own negligence or misconduct.

## **Copyrighted Information**

Use of the NRWIB electronic communication systems to copy, modify, or transmit documents, software, information or other materials protected by copyright, trademark, patent or trade secrecy laws, without obtaining prior written permission from the owner of such rights in such materials, is prohibited.

## **Installation of Software**

The installation of new software on the computers or network of the Organization without the prior written approval of the Executive Director is prohibited.

## **Other Prohibited Uses**

Other prohibited uses of the organization's communication systems include, but are not limited to:

1. Engaging in any communication that is discriminatory, defamatory, pornographic, obscene, racist, sexist or that evidences religious bias, or is otherwise of a derogatory nature toward any specific person, or toward any race, nationality, gender, marital status, sexual orientation, religion, disability, physical characteristic, or age group.
2. Browsing or downloading and/or forwarding and/or printing pornographic, profane, discriminatory, threatening or otherwise offensive material from any source including, but not limited to, the Internet.
3. Engaging in any communication that is in violation of federal, state or local laws.
4. Proselytizing or promoting any religious belief or tenet.
5. Campaigning for or against any candidate for political office or any ballot proposal or issue.

6. Sending, forwarding, redistributing, or replying to “chain letters.”
7. Unauthorized use of passwords to gain access to another user’s information or communications on the NRWIB’s systems or elsewhere.
8. Advertising, solicitations, or other commercial, non-programmatic use.
9. Knowingly introducing a computer virus into the organization’s communication system or otherwise knowingly causing damage to the organization’s systems.
10. Using the organization’s systems in a manner that interferes with normal business functions in any way, including but not limited to, streaming audio from the Internet during business hours, stock tickers or installing unauthorized software.
11. Excessive personal use of the organization’s technologies that preempts any business activity or interferes with organizational productivity.
12. Sending E-mail messages under an assumed name or obscuring the origin of an E-mail message sent or received.

### **Disciplinary Action for Violations**

The Northwest Regional Workforce Investment Board requires all users to adhere to this policy. Violations of this policy will result in disciplinary action, which could include termination of employment or cancellation of contracts.

### **Reporting of Suspected Violations**

Suspected violations of these policies should be immediately and confidentially reported to your immediate supervisor. If you prefer not to discuss it with your supervisor, you may contact the Executive Director or any member of the Personnel Committee.

The NRWIB reserves the right to install programs that monitor employee use of the Internet and electronic communication systems and to act on any violations of these policies found through use of such programs. The NRWIB further reserves the right to examine any and all electronic communications sent or received by employees via the organization’s electronic communications systems.



## **GENERAL LEDGER AND CHART OF ACCOUNTS**

The general ledger is defined as a group of accounts that supports the information shown in the major financial statements. The general ledger is used to accumulate all financial transactions of the NRWIB and is supported by subsidiary ledgers that provide details for certain accounts in the general ledger. The general ledger is the foundation for the accumulation of data and reports.

### **Chart of Accounts Overview**

The chart of accounts is the framework for the general ledger system, and therefore the basis for the NRWIB's accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense and gain and loss account.

The Northwest Regional Workforce Investment Board's chart of accounts is comprised of five types of accounts:

1. Assets
2. Liabilities
3. Net Assets
4. Revenues
5. Expenses

### **Distribution of Chart of Accounts**

All NRWIB employees involved with account coding responsibilities (assignment or review of coding) or budgetary responsibilities will be issued a current chart of accounts. As the chart of accounts is revised, an updated copy of the chart of accounts shall be distributed to these individuals promptly.

### **Control of Chart of Accounts**

The NRWIB chart of accounts is monitored and controlled by the Chief Financial Officer. The Manager of Accounts Payable is responsible for account maintenance, such as additions and deletions. Any additions or deletions of accounts should be approved by the Chief Financial Officer, who ensures that the chart of accounts is consistent with the organizational structure of the Organization and meets the needs of each division and department.

## Account Definitions

General Ledger

Account Range

10000 - 19999

Category

**Assets**

Definition

Assets are probable future economic benefits obtained or controlled by the organization as a result of past transactions or events. Assets of the NRWIB are classified as current assets, fixed assets, contra-assets, and other assets.

Current assets are assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash, temporary investments, and receivables that will be collected within one year of the statement of financial position date.

Property and Equipment are tangible assets with a Value exceeding \$5000 and useful life of more than one year that are acquired for use in the operation of the organization and are not held for resale.

Contra-assets are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivable

Other assets include long-term assets that are assets acquired without the intention of disposing them in the near future. Some examples are security deposits, property and long-term investments.

20000 – 29999

**Liabilities**

Liabilities are probable future reductions of economic benefits arising from present obligations of the organization to transfer assets or provide services to other entities in the future as a result of past transactions or events. Liabilities of the NRWIB are classified as current or long-term.

Current liabilities are probable reductions of economic benefits that will likely occur within one year of the date of the financial statements or which have a due date of one year or less. Common examples of current liabilities include accounts payable, accrued liabilities, short-term notes payable, and deferred revenue.

Long-Term Liabilities are probable reductions of economic benefits that will likely occur more than one year from the date of

the financial statements. An example is the non-current portion of a mortgage loan.

30000 - 39999

**Net Assets**

Net Assets is the difference between total assets and total liabilities. See the next section for the Organization's policies on classifying net assets. Net Assets may be with or without Donor Restrictions.

40000 - 49999

**Revenues**

Revenues are inflows or other enhancements of assets, or settlements of liabilities, from delivering or producing goods, rendering services, or other activities that constitute an organization's ongoing major or central operations.

Revenues of the NRWIB include contributions received from donors and grants received from government agencies, private foundations and corporations.

50000 - 99999

**Expenses**

Expenses are outflows or other using up of assets or incurrences of liabilities from rendering services or carrying out other activities that constitute the NRWIB's ongoing major or central operations.

## **Classification of Net Assets**

Net assets of the Organization shall be classified based upon the existence or absence of donor-imposed restrictions as follows:

**Net Assets without donor restrictions** - Net assets that are not subject to donor-imposed stipulations.

**Net Assets with donor Restrictions** - Net assets subject to donor-imposed stipulations that may or will be satisfied through the actions of the Organization and/or the passage of time, or— net assets subject to donor-imposed stipulations that the Organization permanently maintain certain contributed assets. Generally, donors of such assets permit the Organization to use all or part of the income earned from permanently restricted net assets for general operations or for specific purposes.

Net assets accumulated by NRWIB that are not subject to donor-imposed restrictions, but which the Board of Directors of the Organization has earmarked for specific uses, shall be segregated in the accounting records as "board-designated" funds within the category of net assets without donor restrictions.

## **Changes to the Chart of Accounts**

Additions to, deletions from, or any other changes to NRWIB's standard chart of accounts shall be done by the Manager of Accounts Payable only with the approval of the Chief Financial Officer.

## **Fiscal Year of Organization**

NRWIB shall operate on a fiscal year that begins on July 1 and ends on June 30. Any changes to the fiscal year of the organization must be ratified by majority vote of NRWIB Board of Directors. Prior to seeking such change NRWIB will consult with the Connecticut Department of Labor.

## **Journal Entries**

All general ledger entries that do not originate from a subsidiary ledger shall be supported by journal vouchers which shall include a reasonable explanation of each such entry. Examples of such journal entries include:

1. Recording of noncash transactions
2. Corrections of posting errors
3. Non-recurring accruals of income and expenses
4. Allocations of indirect Costs.

Certain journal entries, called recurring journal entries, occur in every accounting period. These entries may include, but are not limited to:

1. Depreciation of fixed assets
2. Amortization of prepaid expenses
3. Accretion of discounts on promises to give
4. Accruals of recurring expenses
5. Reclassification of deferred revenue

Support for recurring journal entries shall be in the form of a schedule associated with the underlying asset or liability account or, in the case of short-term recurring journal entries or immaterial items, in the form of a journal voucher. Journal Entry report from accounting software shall be attached to supporting documentation and maintained in the Journal Entry book. Journal Entries initiated by Manager of Accounts Payable and Grants and Contracts Manager shall be approved by the Chief Financial Officer. Journal Entries initiated by Chief Financial Officer shall be approved by the Executive Director. All journal entries shall be reviewed by the Chief Financial Officer each month to determine the journal entries are accurate and appropriate.

# **POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS**

## **REVENUE**

### **Revenue Recognition Policies**

NRWIB receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements of NRWIB in the following manner:

1. **Grant income** - Initially recorded as received. The revenue is then adjusted to the proper recognition as required (must be done at year end) (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards)
2. **Sponsorships** - Recognized as income when received, unless accompanied by restrictions or conditions (see the next section on contribution income)
3. **Contributions** - Recognized as income when received, unless the pledge is conditional (see the next section on contribution income)

Immaterial categories of revenue may be recorded on the cash basis of accounting (i.e., recorded as revenue when received) as deemed appropriate by the Chief Financial Officer.

## **CASH MANAGEMENT**

NRWIB will manage its cash in accordance with the Uniform Guidance. An analysis will be done yearly to determine whether the funds will be kept in an interest-bearing account or whether the costs will exceed the benefit of the interest-bearing account. Also, in an effort to minimize the time elapsed between receipt of federal or state funds and actual disbursement the following steps will be taken to manage cash flow.

1. The Manager of Accounts Payable with the approval of the Executive Director or the Chief Financial Officer, at the discretion of the Executive Director, will determine the cash needs weekly.
2. The Grants and Contracts Manager or the Chief Financial Officer will consider the timing of the payroll and funds required to meet such bi-weekly payroll as well as those accounts payable due within the one-week time frame.
3. Draw down of funds shall occur so as to maintain a balance of funds equal to a projected one-week accumulation of payroll and normal accounts payable.
4. Special draws may be made when a larger than normal cycle of payments is anticipated. This must be done with the approval of the Executive Director.

# CONTRIBUTIONS RECEIVED

## Definitions

The following definitions shall apply with respect to the policies described in this section:

**Contribution** - An unconditional transfer of cash or other assets to the Organization, or a settlement or cancellation of the Organization's liabilities, in a voluntary nonreciprocal transfer by another entity acting other than as an owner.

**Condition** - A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets it has transferred to the Organization or releases the promisor from its obligation to transfer its assets.

**Restriction** - A donor-imposed stipulation that specifies a use or time restriction for the contributed asset that is more specific than broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in NRWIB's articles of incorporation and bylaws. Restrictions on NRWIB's use of an asset may be temporary or permanent.

**Nonreciprocal Transfer** - A transaction in which an entity incurs a liability or transfers assets to NRWIB without directly receiving value from NRWIB in exchange.

**Promise to Give** - A written or oral agreement to contribute cash or other assets to NRWIB.

**Exchange Transaction** - A reciprocal transaction in which NRWIB and another entity each receive and sacrifice something of approximately equal value.

## Distinguishing Contributions from Exchange Transactions

NRWIB may receive income in the form of contributions, revenue from exchange transactions, and income from activities with characteristics of both contributions and exchange transactions. NRWIB policy is to record in accordance with Generally Accepted Accounting Principles. NRWIB shall consider the following criteria, and any other relevant factors, in determining whether income will be accounted for as contribution income, exchange transaction revenue, or both:

1. NRWIB's intent in soliciting the asset, as stated in the accompanying materials.
2. The expressed intent of the entity providing resources to NRWIB (i.e., does the resource provider state its intent is to support NRWIB's programs or anticipate specified benefits in exchange).
3. Whether the method of delivery of the asset is specified by the resource provider and resource receives a benefit in return (exchange transaction) or is at the discretion of NRWIB (contribution).

4. Whether payment received by NRWIB is determined by the resource provider (contribution) or is equal to the value of the assets/services provided by NRWIB, or the cost of those assets plus a markup (exchange transaction).
5. Whether there are provisions for penalties (due to nonperformance) beyond the amount of payment (exchange transaction) or whether penalties are limited to the delivery of assets already produced and return of unspent funds (contribution); and
6. Whether assets are to be delivered by NRWIB to individuals or organizations other than the resource provider (contribution) or whether they are delivered directly to the resource provider or to individuals or organizations closely connected to the resource provider.

### **Accounting for Contributions**

NRWIB shall recognize contribution income in the period in which the Organization receives restricted or unrestricted assets in nonreciprocal transfers, or unconditional promises of future nonreciprocal asset transfers, from donors. Contribution income shall be classified as increases in net assets without donor restrictions, or with donor restricted, net assets based on the existence or absence of such donor-imposed restrictions.

Unconditional promises to give shall be recorded as assets and increases in the proper non-conditional net assets (classifications) of NRWIB in the period that NRWIB receives evidence that a promise to support the Organization has been made. Unconditional promises to give that are to be collected within one year shall be recorded at their face value, less any reserve for uncollectible promises, as estimated by management. Unconditional promises to give that are collectible over time periods in excess of one year shall be recorded at their discounted net present value. Accretion of discount on such promises to give shall be recorded as contribution income in each period leading up to the due date of the promise to give. The interest rate that shall be used in calculating net present values of unconditional promises to give is the risk-free rate of return available to NRWIB at the time the Organization receives a promise from a donor.

When the final time or use restriction associated with a contributed asset has been met, a reclassification between donor restricted and without donor restrictions shall be recorded.

When it receives support in the form of volunteer labor, NRWIB shall record contribution income and assets or expenses if one of the following two criteria is met:

1. The contributed service creates or enhances a nonfinancial asset (such as a building or equipment), or
2. The contributed service possesses all three of the following characteristics:
  - a. It is the type of service that would typically need to be purchased by NRWIB if it had not been contributed,
  - b. It requires specialized skills (i.e., formal training in a trade or profession), and



- c. It is provided by an individual possessing those specialized skills.

Contributed services that meet all of the three preceding criteria shall be recorded at the fair value of the service rendered.

### **Receipts and Disclosures**

NRWIB and its donors are subject to certain disclosure and reporting requirements imposed under the Internal Revenue Code and the underlying Regulations. To comply with those rules, NRWIB shall adhere to the following guidelines with respect to contributions received by the Organization.

For any separate contribution received by NRWIB, it shall provide a receipt to the donor. The receipt shall be prepared by the NRWIB Fiscal Department. All receipts prepared by NRWIB shall include the following information:

1. The amount of cash received and/or a description (but not an assessment of the value) of any noncash property received.
2. A statement of whether NRWIB provided any goods or services to the donor in consideration, in whole or in part, for any of the cash or property received by the Organization from the donor, and
3. If any goods or services were provided to the donor by NRWIB, and a description of those goods or services.

When NRWIB receives cash in excess of \$75, or noncash property with a value in excess of \$75, as part of a quid pro quo transaction, the Organization shall follow additional disclosure procedures. For purposes of this paragraph, a "quid pro quo" transaction is one in which NRWIB receives cash or property in a transaction that is part contribution and part exchange transaction (i.e., the value of the goods or services provided to the donor by NRWIB is less than the value of cash or property provided by the donor). In such instances, NRWIB shall provide to the donor a receipt stating that only the amount contributed in excess of the fair market value of the goods or services provided by NRWIB may be deducted as a charitable contribution. The receipt shall also include a good faith estimate of the fair market value of the goods or services provided to the donor by NRWIB.

IRS rules provide for certain exceptions to the preceding disclosure rules applicable to quid pro quo transactions. As such, NRWIB shall not provide receipts when it receives cash or property in excess of \$75 in any of the following circumstances:

1. The goods provided to the donor bear NRWIB name or logo and have an aggregate cost of \$10.60 or less.
2. The goods provided to the donor have a fair market value equal to no more than 2% of the contribution or \$10.60, whichever is less; or

3. The gift received by NRWIB resulted from the Organization's fundraising appeal that included articles worth no more than \$10.60, as well as a request for contributions and a statement that the recipient may keep the article even if a contribution is not made.

The preceding thresholds are adjusted for inflation by the IRS on an annual basis. Inflation adjustments are incorporated into this policy manual by reference.

All estimates of the fair market value of goods or services provided by NRWIB shall be prepared by the Fiscal Department.

It is the policy of NRWIB to comply with all current federal and state rules regarding solicitation and collection of charitable contributions, whether specifically addressed in this manual or not, as well as all future revisions to those rules.

## **PROGRAM INCOME [2 CFR §200.307]**

### **General**

The Uniform Guidance encourages all non-Federal entities receiving federal funds to earn income to defray program costs where appropriate.

### **Cost of generating program income**

If authorized by Federal regulations or the Federal award, costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the Federal award.

### **Governmental revenues**

Taxes, special assessments, levies, fines, and other such revenues raised by the NRWIB are not program income unless the revenues are specifically identified in the Federal award or Federal awarding agency regulations as program income.

### **Property**

Proceeds from the sale of real property or equipment are not program income; such proceeds will be handled in accordance with the requirements of Subpart D—Post Federal Award Requirements Standards for Financial and Program Management, Property Standards §200.311 Real property and §200.313 Equipment, or as specifically identified in Federal statutes, regulations, or the terms and conditions of the Federal award.

### **Use of program income**

1. Deduction. Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the NRWIB did not anticipate at the time of the Federal award must be used in accordance with the contract's requirement of the Federal award and NRWIB contributions rather than to increase the funds committed to the project.
2. Cost sharing or matching. With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award. The amount of the Federal award remains the same.

### **Income after the period of performance**

There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise. The Federal awarding agency may

negotiate agreements with recipients regarding appropriate uses of income earned after the period of performance as part of the grant closeout process.

# **BILLING/INVOICING POLICIES**

## **Overview**

The following is a list of items billed and/or accrued and received by NRWIB and the frequency with which each is billed:

### **Quarterly Billings**

1. Grants, MOU's, infrastructure cost sharing, and contracts (See separate section on "Policies Associated with Federal Awards" for billing policies associated with federal grant agreements)

### **Monthly Billings**

1. Grants and contracts (See separate section on "Policies Associated with Federal Awards" for billing policies associated with federal grant agreements)

## **Responsibilities for Billing and Collection**

NRWIB's Fiscal Department is responsible for the invoicing of goods and services as well as the collection of outstanding receivables. (Note: Cash receipts, credit memo, and collection policies will be discussed in subsequent sections).

## **Accounts Receivable Entry Policies**

Posting of customer invoices to the accounts receivable subsidiary ledger shall be performed by individuals independent of the cash receipts function of NRWIB.

Posting of credit memos and other adjustments to customer accounts receivable shall also be performed by an individual independent of the cash receipts function of NRWIB.

## **Classification of Income and Net Assets**

All income received by NRWIB is classified as "without restrictions", with the exception of the following:

1. Contributions from donors with time or use restrictions, which are classified as net assets with donor restrictions
2. Special endowments received from donors requesting that these funds be permanently restricted for specific purposes

As with all Donor 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), NRWIB will reclassify the related net assets from " Donor Restricted" to " Without Donor Restrictions" in

its Statement of Financial Position and reflect this reclassification as an activity in its Statement of Activities. Donor Restricted Contributions that the receipt of the contribution and the restriction is met in the same fiscal year shall be treated as without donor restrictions.

From time to time, the NRWIB Board of Directors may determine that it is appropriate to set funds aside for specific projects. To the extent these set-asides result from a Board action, rather than a donor-imposed requirement, the resulting set-aside shall be classified as "Board designated as part of the net assets without Donor Restrictions". .

# **CASH RECEIPTS**

## **Overview**

Cash (including checks payable to the organization) is the most liquid asset an organization has. Therefore, it is the objective of NRWIB to establish and follow the strongest possible internal controls in this area.

## **Processing of Checks and Cash Received in the Mail**

For funds that are received directly at NRWIB (i.e., payments not mailed to a lockbox), cash receipts are centralized to ensure that cash received is appropriately directed, recorded and deposited on a timely basis.

Mail is opened and copies of all checks received shall be prepared in an open area, in the presence of other employees. The individual preparing copies shall be someone that is not involved in the accounts receivable or accounts payable process.

A deposit slip is prepared from the checks received and compared to the receipts listing for discrepancies. Deposits are prepared and taken to the bank by an individual other than the employee who prepared the daily cash receipts listing. The receipt from the bank shall be returned to the Manager of Accounts Payable to verify the deposit.

## **Endorsement of Checks**

It is the policy of NRWIB that all checks received that are payable to the Organization shall immediately be restrictively endorsed by the individual who prepares the daily receipts listing. The restrictive endorsement shall be a rubber stamp that includes the following information:

1. For Deposit Only
2. NRWIB
3. The bank name
4. The bank account number of NRWIB

## **Timeliness of Bank Deposits**

It is the policy of NRWIB that bank deposits will be made on a daily basis, unless the total amount received for deposit is less than \$500. In no event shall deposits be made less frequently than weekly.

**Reconciliation of Deposits**

On a monthly basis, the Chief Financial Officer, who does not prepare the initial cash receipts listing or bank deposit, shall reconcile or review the reconciliation of the general ledger postings to bank deposits reflected on the monthly bank statement. Any discrepancies shall be immediately reported to the Executive Director and investigated.

**Notice to Remitters**

It is NRWIB's policy to inform members/customers that checks payable to the Organization be mailed directly to the Organization's main office. As such, all invoices prepared by NRWIB will include a reference to the location to which payments should be sent.

NRWIB utilizes the following accounts:

All Funds Account  
Good Jobs/ Sec 3  
Employee Benefits

Payroll Account  
Unrestricted Account  
Investment Account-

All order forms used by NRWIB members/customers will include the appropriate address so that funds are directed as noted above.



# **ACCOUNTS RECEIVABLE MANAGEMENT**

## **Monitoring and Reconciliations**

On a monthly basis, a detailed accounts receivable report (showing aged, outstanding invoices by customer) is generated and reconciled to the general ledger by the fiscal department. All differences are immediately investigated and resolved, and the reconciliation is reviewed by the Chief Financial Officer.

## **Credits and Other Adjustments to Accounts Receivable**

From time to time, credits against accounts receivable from transactions other than payments and bad debts will occur. Examples of other credits include returned products and adjustments for billing errors. All credits shall be processed by an employee who is independent of the cash receipts function. In addition, all credits under \$1,00 shall be approved by the Chief Financial Officer any credit over \$1,000 shall be authorized by the Executive Director.

## **Accounts Receivable Write-Off Authorization Procedures**

It is the policy of NRWIB to ensure that all available means of collecting accounts receivable have been exhausted before write-off procedures are initiated. Write-offs are initiated by the Finance Committee associated with the amount to be written off, in conjunction with the fiscal department. If an account receivable is deemed uncollectible, the Executive Director must provide written authorization before the write-off is processed.

Once a write-off has been processed, appropriate individuals in the Organization are to be advised to ensure that further credit is not granted and to update the master list of bad accounts. Customers listed as poor credit risks will be extended future credit only if the back debt is paid and the customer is no longer deemed a collection problem.

If write-off procedures have been initiated, the following accounting treatment applies:

1. Current year invoices that are written off will either be charged against an appropriate revenue or revenue adjustment account or against the original account credited.
2. Invoices written off that are dated prior to the current year will be treated as bad debt and will reduce the allowance for doubtful accounts, or as bad debt expense as appropriate, discussed in the next section.

## **Reserve for Uncollectible Accounts**

The NRWIB may create a reserve for uncollectible accounts receivable. At the end of each fiscal year, the allowance for doubtful accounts is adjusted based on the following factors:

1. An analysis of outstanding, aged accounts receivable
2. Historical collection and bad debt experience
3. Evaluations of specific accounts based on discussions with the department that originated the sale resulting in the receivable

Year-end transaction adjustments to the reserve for uncollectible accounts shall be performed only with authorization from the Executive Director.

This reserve account is used in the following year to write off those items that are deemed uncollectible from the prior year after further collection efforts have been abandoned, as described earlier.

# **POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS**

## **PURCHASING POLICIES AND PROCEDURES**

### **Overview**

**THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY NRWIB.**

**ADDITIONAL POLICIES APPLICABLE ONLY TO THOSE PURCHASES MADE UNDER FEDERAL AWARDS ARE DESCRIBED IN THE SECTION “POLICIES ASSOCIATED WITH FEDERAL AWARDS.”**

It is the policy of NRWIB to follow a practice of ethical, responsible, and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. Federal funds, and all funds received by the NRWIB to carry out a core program shall not be expended for any purpose other than for activities authorized with respect to such funds under that core program. [WIOA Sec 102] The policies in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities.

### **Responsibility for Purchasing**

The Executive Director shall have the authority to initiate purchases on behalf of the Organization, within the guidelines described in this policies manual. In addition, the Executive Director may delegate purchasing authority to responsible individuals within the Organization. The Executive Director shall inform the fiscal department of all individuals that may initiate purchases or prepare purchase orders. The fiscal department shall maintain a current list of all authorized purchasers of NRWIB.

The fiscal department shall be responsible for processing purchases and purchase orders. The Executive Director has approval authority over all purchases and contractual commitments as defined in this policy. The Executive Director shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial.

### **Non-Discrimination Policy**

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

1. Subrecipient/Contractors will not discriminate against any employee or applicant for employment because of age, disability, gender, political affiliation or belief, race, religion, color, sexual orientation, or national origin, except where religion, gender, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the sub recipient/contractors. [WIOA sec 188(a)1]

2. Subrecipient/Contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination 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.
3. One-stop operators and one-stop partners will comply with Section 188, if applicable, and applicable provisions of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.), regarding the physical and programmatic accessibility of facilities, programs, services, technology, and materials, for individuals with disabilities, including complying through providing staff training and support for addressing the needs of individuals with disabilities. [WIOA Sec 102]

### **Use of Purchase Orders**

For purchases made outside of the normal business of NRWIB it is the policy of NRWIB to utilize a purchase order system. A properly completed purchase order shall be required for each purchase decision. A properly completed Purchase Order shall contain the following information, at a minimum:

1. Specifications or statement of services required
2. Contractor name, address, point of contact and phone number
3. Source of funding (if applicable)
4. Delivery or performance schedules
5. Delivery, packing and transportation requirements (if applicable)
6. Special conditions (if applicable)
7. Total amount of order
8. Authorized signature
9. Date PO prepared

Purchase order numbers are not tracked in the accounting software.

## **Authorizations and Purchasing Limits**

All completed purchase requests or purchase orders must be signed by the preparer and approved by the Executive Director, Deputy Director or Chief Financial Officer.

All contracts between NRWIB and outside parties must be reviewed and approved by the Executive Director. The ED, with the authorization from the Board of Directors, is authorized to enter into any contract on behalf of NRWIB. These policies shall also apply to renewals of existing contracts.

## **Required Solicitation of Quotations from Contractors and Subrecipients**

Purchase decisions in excess of the micro-purchase threshold for labor, equipment, supplies or services purchased, leased or contracted for shall be made only after receiving, whenever possible, oral quotations from at least two (2) contractors.

Purchase decisions exceeding \$25,000 for labor, equipment, supplies, or services purchased, leased or contracted for shall be made only after receiving whenever possible, written quotations from at least two (2) contractors. Specific selections shall be recommended, via the Executive Director, to the Executive Committee for approval with written quotations attached for review. Recommendations shall be based on consideration of all applicable criteria as described under "Evaluation of Alternative Contractors and Subrecipients" below.

All Purchase decisions in excess of \$50,000 shall be made by obtaining competitive proposals from at least three (3) responsible vendors. Sealed bids shall be utilized when required by a Federal or State awarding agency.

Solicitations for goods and services (requests for proposals) should provide for all of the following:

1. A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.
2. Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals. (see the next section entitled "Evaluation of Alternative Contractors and Subrecipients" for required criteria.)
3. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
4. The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitations.
5. The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.

6. Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.
7. A description of the proper format, if any, in which proposals must be submitted, including the name of the NRWIB person to whom proposals should be sent.
8. The date by which proposals are due.
9. Required delivery or performance dates/schedules.
10. Clear indications of the quantity(ies) requested and unit(s) of measure.

### **Extensions of Due Dates and Receipt of Late Proposals**

Solicitations should provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, in the event that a prospective offeror requests an extension to a due date specified in a solicitation, and such an extension is both justified and compatible with the requirements of NRWIB, an extension may be granted by the purchasing representative.

Contractor/subrecipient proposals are considered late if received after the due date and time specified in the solicitation. All such late proposals shall be marked "Late Proposal" on the outside of the envelope and retained, unopened, in the procurement folder. Contractors/subrecipients that submit late proposals shall be sent a letter notifying them that their proposal was late and could not be considered for award.

### **Evaluation of Alternative Contractors and Subrecipients**

Alternative contractors and subrecipients shall be evaluated on a weighted scale that considers the following criteria:

1. Adequacy of the proposed methodology of the contractor/subrecipient
2. Skill and experience of key personnel
3. Demonstrated company experience
4. Other technical specifications (designated by department requesting proposals)
5. Compliance with administrative requirements of the request for proposal (format, due date, etc.)
6. Contractor's financial stability
7. Contractor's demonstrated commitment to the nonprofit sector
8. Results of communications with references supplied by contractor/subrecipient
9. Ability/commitment to meeting time deadlines
10. Cost
11. Minority- or women-owned business status of contractor/subrecipient
12. Other criteria (to be specified by department requesting proposal)

Not all of the preceding criteria may apply in each purchasing scenario. However, in each situation requiring consideration of alternative contractor/subrecipients, the employee responsible for the purchase shall establish the relative importance of each criterion prior to requesting proposals and shall evaluate each proposal on the basis of the criteria and weighting that have been determined.

After a contractor/subrecipient has been selected and approved by the Executive Director, the final selection shall be approved by the Executive Committee prior to entering into a contract.

In the event that solicitations go unanswered, the NRWIB may request a sole source justification from the granting authority.

### **Affirmative Consideration of Minority, Small Business and Women-Owned Businesses**

Positive efforts shall be made by NRWIB to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible. The following steps shall be taken in furtherance of this goal:

1. Ensure that small business, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.
2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms and women's business enterprises.
3. Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms and women's business enterprises.
4. Encourage contracting with consortiums of small businesses, minority-owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually.
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the consideration of minority-owned firms and women's business enterprises.

### **Special Purchasing Conditions**

#### *Emergencies*

Where equipment, materials, parts, and/or services are needed, quotations will not be necessary if the health, welfare, safety, etc., of staff and protection of Organization property is involved.

#### *Single Distributor/Source*

Where there is only one (1) distributor for merchandise or service needed and no other product or service meets the stated needs or specifications, quotations will not be necessary, however proper approval will be obtained, if necessary, from the grantor agency.

### *Federally Funded Programs*

Purchases that will be charged to programs funded with federal awards will be subject to additional policies. These policies are described in a separate section, "Policies Associated with Federal Awards."

### **Contractor/Subrecipient Files and Required Documentation**

The Fiscal Department shall create a contractor/subrecipient folder for each new contractor/subrecipient from whom NRWIB purchases goods or services.

Upon making the initial purchase from any contractor/subrecipient (regardless of whether a contract is involved), the Fiscal Department shall mail a blank Form W-9 to that contractor, along with a request for the contractor to complete and sign the W-9 or provide equivalent, substitute information and return it in the postage-paid envelope provided. Completed, signed Forms W-9 or substitute documentation shall be kept on file. No payment shall be made until a properly completed W-4 or W-9 is on file.

Contractors/subrecipients shall be 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 if required by US Treasury Regulations."

See the section on "Payroll and Related Policies" for guidance on determining whether a contractor/subrecipient should be treated as an employee.

### **Ethical Conduct in Purchasing**

Ethical conduct in managing the Organization's purchasing activities is an absolute essential. Staff must always be mindful that they represent the Board of Directors and share a professional trust with other staff and the general membership.

Staff shall discourage the offer of, and decline, individual gifts or gratuities of value in any way that might influence the purchase of supplies, equipment, and/or services. Staff shall notify their immediate supervisor if they are offered such gifts. Gifts to the Organization, viewed as normal business incentives to obtain future Organization-approved business such as for meeting sites, are NOT acceptable donations.

### **Conflicts of Interest Prohibited**

No officer, board member, committee member, employee, or agent of NRWIB shall participate in the selection or administration of a contractor/subrecipient if a real or apparent conflict of interest would be involved. Such a conflict would arise if an officer, board member, employee or agent, or any member of his/her immediate family, his/her spouse/partner, or an organization that employs or is about to employ



any of the parties indicated herein, has a financial or other interest in the vendor/subrecipient selected.  
[WIOA Sec 107]

Officers, board members, employees and agents of NRWIB shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors or parties to sub-agreements.

The Organization must disclose in writing any potential conflict of interest to the Federal or State awarding agency or pass-through entity in accordance with applicable Federal or State awarding agency policy. [ 2 CFR §200.112]

### **Receipt and Acceptance of Goods**

A designated individual shall inspect all goods received. Upon receipt of any item from a vendor/subrecipient, 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
4. Note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.)
5. Sign and date the bill of lading
6. Retain a copy of the bill of lading

When goods are moved to another area for thorough inspection the following inspection procedures shall be performed:

1. Remove the packing slip from each box/container
2. Compare the description and quantity of goods per the purchase order to the packing slip
3. Examine goods for physical damage
4. Count or weigh items, if appropriate
5. Record an indication of counts on the purchase order

It is the policy of NRWIB to perform the preceding inspection procedures in a timely manner in order to facilitate prompt return of goods and/or communication with contractors.

## **POLITICAL INTERVENTION and LOBBYING [WIOA sec 195]**

### **Prohibited Expenditures for Political Intervention**

Consistent with its tax-exempt status under the Internal Revenue Code, it is the policy of NRWIB that the Organization shall not incur any expenditure for political intervention. For purposes of this policy, political intervention shall be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the federal, state or local level. Examples of prohibited political expenditures include, but are not limited to, the following:

1. Contributions to political action committees
2. Contributions to the campaigns of individual candidates for public office
3. Contributions to political parties
4. Expenditures to produce printed materials (including materials included in periodicals) that support or oppose candidates for public office
5. Expenditures for the placement of political advertisements in periodicals

### **Prohibited Expenditures for Lobbying**

Section 195 of the Workforce Innovation and Opportunities Act (WIOA) restricts the use of funds provided under the WIOA for:

1. Publicity or propaganda purposes
2. The preparation, distribution, or use of any kit, pamphlet, booklet, publication, electronic communication, radio, television, or video presentation designed to support or defeat:
  - a) the enactment of legislation before Congress or any State or local legislature or legislative body; or
  - b) any proposed or pending regulation, administrative action, or order issued by the executive branch of any State or local government.
3. The salary or expenses of any grant or contract recipient, or agent acting for such recipient, related to any activity designed to influence the enactment or issuance of legislation, appropriations, regulations, administrative action, or an Executive order proposed or pending before Congress or any State government, or a State or local legislature or legislative body.

Section 195 of WIOA makes exceptions allowing the use of funds provided under the WIOA for:

1. Normal and recognized executive-legislative relationships.
2. The preparation, distribution, or use of any kit, pamphlet, booklet, publication, electronic communication, radio, television, or video presentation for presentation to Congress or any State or local legislature or legislative body; or
3. The preparation, distribution, or use of such materials for presentation to the executive branch of any State or local government.
4. The salary restrictions in the list above do not apply to:
  - a) normal and recognized executive-legislative relationships; or
  - b) participation by a State, local, or tribal government agency or officer in policymaking and administrative processes within the executive branch of that government.

### **Endorsements of Candidates**

It is the policy of NRWIB not to endorse any candidates for public office in any manner, either verbally or in writing. This policy extends to the actions of management and other representatives of NRWIB, when these individuals are acting on behalf of, or are otherwise representing, the Organization.

### **Prohibited Use of Organization Assets and Resources**

It is the policy of NRWIB that no assets or human resources of the organization shall be utilized for political activities, as defined above. This prohibition extends to the use of Organization assets or human resources in support of political activities that are engaged in personally by board members, committee members, members of management, employees, or any other representatives of NRWIB. While there is no prohibition against these individuals engaging in political activities personally (on their own time, and without representing that they are acting on behalf of the Organization), these individuals must at all times be aware that Organization resources cannot at any time be utilized in support of political activities.

# **ACCOUNTS PAYABLE MANAGEMENT**

## **Overview**

NRWIB 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.

It is the policy of NRWIB that the recording of assets or expenses and the related liability is performed by an employee independent of ordering and receiving. The amounts recorded are based on the contractor invoice for the related goods or services. The contractor invoice should be supported by an approved purchase order where necessary and should be reviewed and approved by the Manager of Accounts Payable 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. Contractor credit terms and operating cash are managed for maximum benefits
4. Costs are allocated to the proper cost objective.

## **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 weekly basis. Information is entered into the accounting system from approved invoices or disbursement vouchers with appropriate documentation attached.

It is the policy of NRWIB that only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the contractor records. No contractor/subrecipient statements shall be processed for payment.

## **Accounts Payable Cut-Off**

For purposes of the preparation of the Organization's monthly financial statements, all contractor/subrecipient invoices that are received, approved and supported with proper documentation by the tenth day of the following month shall be recorded as accounts payable as of the end of the immediately preceding month if the invoice pertains to goods or services delivered by month-end.

### **Establishment of Control Devices**

Control of invoices is established by the Manager of Accounts Payable as soon as invoices are received. Contractor/subrecipients will be instructed to submit all invoices directly to the Grants & Contracts Manager.

Upon receipt of invoices, each invoice shall be "date received" stamped, and distributed to the appropriate personnel for approval.

### **Preparation of a Voucher Package**

Prior to any account payable being submitted for payment, a package called a "voucher package" shall be assembled. Each voucher package shall contain the following documents:

1. Contractor 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. Purchase order, if required
5. Any other supporting documentation deemed appropriate

### **Processing of Voucher Packages**

The following procedures shall be applied to each voucher package by the Fiscal Department:

1. Check the mathematical accuracy of the contractor invoice
2. Compare the nature, quantity and prices of all items ordered per the contractor invoice to the purchase order, packing slip and receiving report
3. Document the general ledger distribution, using the Organization's current chart of accounts
4. Obtain the review and approval of the department director (or his/her designee) associated with the goods or services purchased

Approvals by the Executive Director or appropriate designee indicate his/her acknowledgement of satisfactory receipt of the goods or services invoiced, agreement with all terms appearing on the contractor invoice, agreement with general ledger account coding, and agreement to pay contractor in full. Approvals shall be documented with initials or signatures of the approving individual on the NRWIB Payment Approval Form.

### **Payment Discounts**

To the extent practical, it is the policy of NRWIB to take advantage of all prompt payment discounts offered by contractors. When availability of such discounts is noted, and all required documentation in support of payment is available, payments will be scheduled 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 (see further policies under "Travel and Business Entertainment"). All receipts must be attached, and a brief description of the business purpose of the trip or meeting must be noted on the form. Federal per diem rates may be used to calculate meals but not lodging. Expense reports will be processed for payment in the next contractor/subrecipient payment cycle if received at least two business days prior to the deadline. All requests must be completed at the end of each month on the approved "Employee Reimbursement Sheet". Those filed later than 60 days of incurring the expense shall not be honored, except with the written approval of the Executive Director.

### **Reconciliation of A/P Subsidiary Ledger to General Ledger**

At the end of each monthly accounting period, the total amount due to contractors per the accounts payable subsidiary ledger shall be reconciled to the total per the accounts payable general ledger account (control account). All differences are investigated, and adjustments are made, as necessary. The reconciliation and the results of the investigation of differences are reviewed and approved by the Chief Financial Officer.

Also, on a monthly basis, the Fiscal Department shall perform the following procedures:

1. Check all statements received for unprocessed invoices.
2. Check the Open contracts and Purchase Order file for open commitments that are more than 60 days past due and follow up.

# TRAVEL AND BUSINESS ENTERTAINMENT

## Employee and Director Business Travel

At the conclusion of an NRWIB 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 tips, tolls and reimbursed mileage, all business expenses must be supported with invoices/receipts.
3. For all lodging and any expenditure other than meals, contractor receipts/invoices must be submitted. 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 may be reimbursed at the standard federal rates currently in effect, as published each year by the IRS.
6. The business purpose of each trip must be adequately documented on each report.
7. Project/function codes must be identified for all expenditures.
8. For all meals and other business expenditures, the following must be clearly identified:
  - a. Names, titles, organizations, and business relationships of all persons entertained
  - b. The business purpose of the meal or other business event (topics discussed, etc.)
  - c. A written receipt to substantiate there are no unallowed items.
9. All expense reports must be signed and dated by the employee.
10. All expense reports must be approved by the Executive Director, Deputy Director, Chief Financial Officer or the Manager of Workforce Development Programs.
11. Only one expense report form should be prepared for each trip.

An employee will not be reimbursed for expense reports not meeting the preceding criteria. Federal per diem rates may be used to calculate meals but not lodging.

## Reasonableness of Travel Costs

NRWIB shall reimburse travelers only for those business-related costs that are reasonably incurred in accordance with the Uniform Guidance. 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. When utilizing rental cars, travelers should rent midsize or smaller vehicles; Share rental cars whenever possible

3. 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
4. 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
5. Whenever possible, travelers should utilize personal cell phones when placing calls while away on travel; avoid using the hotel's long-distance service if possible.

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

The following additional rules apply to air travel:

1. Air travel should be at coach class; First class air travel shall not be reimbursed unless there is a documented medical reason
2. Memberships in airline flight clubs is not reimbursable
3. Cost of flight insurance is not reimbursable
4. 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
5. 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)
6. Cost of upgrade certificates is not reimbursable
7. 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.)
8. 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., NRWIB will not reimburse for the personal legs of a trip)

### **Spouse/Partner Travel**

It is the policy of NRWIB not to reimburse any employee or board member for separate travel costs (airfare, 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.



# **CASH DISBURSEMENTS (CHECK-WRITING) POLICIES**

## **Check Preparation**

It is the policy of NRWIB to print contractor/subrecipient checks and expense reimbursement checks no less than on a bi-weekly basis. Checks shall be prepared by persons independent of those who initiate or approve expenditures, as well as those who are authorized check signers.

All contractor and expense reimbursement checks shall be produced in accordance with the following guidelines:

1. Expenditures must be supported in conformity with the purchasing, accounts payable, and travel and business entertainment policies described in this manual
2. Timing of disbursements should generally be made to take advantage of all early-payment discounts offered by contractors/subrecipients
3. Generally, all contractors/subrecipients shall be paid within 30 days of submitting a proper invoice upon delivery of the requested goods or services
4. Total cash requirements associated with each check run is monitored in conjunction with available cash balance in bank prior to the release of any checks
5. All supporting documentation is attached to the corresponding check prior to forwarding the entire package to an authorized check signer
6. Checks shall be utilized in numerical order (unused checks are stored in a locked safe in the locked closet outside the office of the Deputy Director)
7. Checks shall never be made payable to "bearer" or "cash"
8. Checks shall never be signed prior to being prepared
9. Upon the preparation of a check, contractor invoices and other supporting documentation shall immediately be canceled in order to prevent subsequent reuse.

## **Check Signing**

Checks, depending on the sum for which they are drawn, may require two (2) signatures. No checks shall be signed prior to the check being completed in its entirety (no signing of blank checks).

Any combination of two (2) of those individuals listed below is acceptable.

Authorized check signers:     Executive Director  
   Deputy Director  
   Chief Financial Officer  
   Board Chair  
   Board Treasurer  
   Chair of the Finance Committee

Check signers should examine all original supporting documentation to ensure that each item has been properly checked prior to signing a check. Checks should not be signed if supporting documentation appears to be missing or there are any questions about a disbursement.

Checks under \$1,000 require only one signature. Checks of \$1,000 or more require two signatures.

### **Mailing of Checks**

After signature, checks are returned to the individual who prepared them, who then prepares them to be mailed. Checks are prepared for mailing and physically mailed by the Executive Assistant. Checks shall not be mailed by individuals who authorize expenditures.

### **Voided Checks and Stop Payments**

Checks may be voided due to processing errors by making proper notations in the check register and defacing the check by clearly marking it as "VOID". All voided checks shall be retained to aid in preparation of bank reconciliations.

Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed on-line via Web-Link by authorized individuals. A journal entry is made to record the stop payment and any related bank fees.

### **Record-Keeping Associated with Independent Contractors**

NRWIB shall obtain a completed Form W-9 or equivalent substitute documentation from all contractors to whom payments are made. A record shall be maintained of all contractors to whom a Form 1099 is required to be issued at year-end. Payments to such contractors shall be accumulated over the course of a calendar year.

# PAYROLL AND RELATED POLICIES

## Classification of Workers as Independent Contractors or Employees

It is the policy of NRWIB to consider all relevant facts and circumstances regarding the relationship between NRWIB and the individual in making determinations about the classification of workers as independent contractors or employees. This determination is based on the degree of control and independence associated with the relationship between NRWIB and the individual. Facts that provide evidence of the degree of control and independence fall into three categories:

1. Behavioral control
2. Financial control
3. The type of relationship of the parties

Facts associated with each of these categories that will be considered by NRWIB in making employee/contractor determinations shall include:

1. Behavioral control:
  - a. Instructions given by NRWIB to the worker that indicate control over the worker (suggesting an employee relationship), such as:
    - (1) When and where to work
    - (2) What tools or equipment to use
    - (3) What workers to hire or to assist with the work
    - (4) Where to purchase supplies and services
    - (5) What work must be performed by a specified individual
    - (6) What order or sequence to follow
  - b. Training provided by NRWIB to the worker (i.e., employees typically are trained by their employer, whereas contractors typically provide their own training)
2. Financial control:
  - a. The extent to which the worker has unreimbursed business expenses (i.e., employees are more likely to be fully reimbursed for their expenses than is a contractor)
  - b. The extent of the worker's investment in the facilities/assets used in performing services for NRWIB (greater investment associated with contractors)
  - c. The extent to which the worker makes services available to the relevant market
  - d. How NRWIB pays the worker (i.e., guaranteed regular wage for employees vs. flat fee paid to some contractors)

- e. The extent to which the worker can realize a profit or loss.
3. Type of Relationship:
- a. Written contracts describing the relationship that NRWIB and the individual intend to create
  - b. Whether NRWIB provides the worker with employee-type benefits, such as insurance, paid leave, etc.
  - c. The permanency of the relationship
  - d. The extent to which services performed by the worker are a key aspect of the regular business of NRWIB

If an individual qualifies for independent contractor status, the individual will be sent a Form 1099 if total compensation paid to that individual for any calendar year, on the cash basis, is required under IRS regulations. The amount reported on a Form 1099 is equal to the compensation paid to that person during a calendar year (on the cash basis). Excluded from "compensation" are reimbursements of business expenses that have been accounted for by the contractor by supplying receipts and business explanations.

If an individual qualifies as an employee, a personnel file will be created for that individual and all documentation required by the NRWIB personnel policies shall be obtained. The policies described in the remainder of this section shall apply to all workers classified as employees.

### **Payroll Administration**

NRWIB operates on a bi-weekly payroll. For all NRWIB employees, a personnel file is established and maintained with current documentation, as described throughout this section and more fully described in NRWIB's Personnel Manual.

The following forms, documents and information shall be obtained and included in the personnel files of all new employees: Direct Deposit is strongly encouraged. The NRWIB prefers not to issue negotiable paychecks.

1. NRWIB Employment Application (and resume, if applicable)
2. Applicant references (work & personal)
3. Interview questions and notes
4. Form W-4 Employee Federal Withholding Certificate
5. Form CT State Withholding Certificate
6. Form I-9 Employment Eligibility Verification
7. Copy of driver's license
8. Copy of Social Security card issued by the Social Security Administration
9. Starting date and scheduled hours
10. Authorization for direct deposit of paycheck, along with a voided check or deposit slip

For employees without a current, valid driver's license, acceptable alternative documents shall include:

1. U.S. Passport
2. Certificate of U.S. Citizenship (INS Form N-560 or N-561)
3. Voter's registration card
4. U.S. Military card
5. ID card issued by a federal, state or local government, provided it contains a photo
6. School record or report card (for persons under age 18 only)

For employees without a Social Security card, acceptable alternative documents shall include:

1. U.S. Passport
2. Certificate of U.S. Citizenship (INS Form N-560 or N-561)
3. Original or certified copy of a birth certificate issued by a state, county or municipal authority
4. Certificate of Birth Abroad issued by the Department of State (Form FS-545 or Form DS-1350)
5. U.S. Citizen ID Card (INS Form I-197)
6. Native American tribal document
7. ID Card for use of Resident Citizen in the United States (INS Form I-179)

Each employee payroll file shall also indicate whether the employee is exempt or non-exempt from the provisions of the Fair Labor Standards Act.

### **Changes in Payroll Data**

It is the policy of NRWIB that all of the following changes in payroll data are to be authorized in writing:

1. New hires
2. Terminations
3. Changes in salaries and pay rates
4. Voluntary payroll deductions
5. Changes in income tax withholding status
6. Court-ordered payroll deductions

New hires, terminations, and changes in salaries or pay rates shall be authorized in writing by the Executive Director.

Voluntary payroll deductions and changes in income tax withholding status shall be authorized in writing by the individual employee.

Documentation of all changes in payroll data shall be maintained in each employee's personnel file.

## **Payroll Taxes**

The Fiscal Department is responsible for ensuring all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid. The Fiscal Department may utilize the services of an outside payroll service center for the processing of payroll, as determined by the Chief Financial Officer.

It is the policy of NRWIB to obtain an updated Form W-4 from each employee in January of each year. Withholding of federal income taxes shall be based on the most current Form W-4 prepared by each employee.

## **Preparation of Timesheets**

Each NRWIB employee must submit a signed and approved timesheet no later than 12:00 noon on the Monday after the pay period closes. Timesheets shall be prepared in accordance with the following guidelines:

1. Each timesheet shall reflect all hours worked during the pay period (time actually spent on the job performing assigned duties), whether compensated or not.
2. Timesheets shall be prepared in ink.
3. Errors shall be corrected by crossing through the incorrect entry, filling in the correct entry, and placing the employee's initials next to the change (i.e., employees shall not use "white out" or correction tape).
4. Employees shall identify, and record hours worked based on the nature of the work performed.
5. Compensated absences (vacation, holiday, sick leave, etc.) should be clearly identified as such.
6. Timesheets shall be signed by the employee prior to submission.

After preparation, timesheets shall be approved by the Executive Director or Designee. Corrections shall be authorized by the employee by placing the employee's initials next to the change.

An Organization employee who is on leave, on travel, or is ill on the day that timesheets are due may telephone or e-mail timesheet information to his or her supervisor (or designated alternate). Time so submitted must reflect the actual time worked and the appropriate classifications. The employee must initial a timesheet submitted in this manner immediately upon his/her return to the office. Timesheets submitted in this manner shall bear the notation, "Time reported by telephone or e-mail by (employee) to (supervisor or designated alternate)." The timesheet shall be signed by the supervisor or the designated alternate.

## **Processing of Timesheets**

Processing of timesheets is performed by the Manager of Accounts Payable or designee. The Manager of Accounts Payable or designee checks all timesheets for mathematical accuracy, and then inputs all timesheets into the payroll system or calls payroll into the payroll service center.

The Executive Director, Deputy Director or Chief Financial Officer may change or correct timesheets. When errors are noted, a corrected and approved timesheet is re-submitted in time to the Executive Director. If this is not completed, the employee may not receive a paycheck until the next pay period.

Tampering with, altering, or falsifying time records, recording time on another employee's time record, or willfully violating any other timesheet policy or procedure may result in disciplinary action, up to and including discharge.

## **Review of Payroll**

Upon production of all payroll reports and checks or return of payroll reports and checks from the payroll service center, the Chief Financial Officer reviews payroll prior to its distribution to employees and shall sign the payroll register, indicating approval of the payroll. In absence of the CFO, the Executive Director or Deputy Director may perform this function.

## **Distribution of Payroll**

Payroll payments (or check stubs for electronic deposits) shall be distributed by individuals who do not approve time sheets, are not responsible for hiring and firing, and do not control the preparation of payroll.

## **Recording of Payroll**

The payroll expense shall be recorded by the Journal entry for each Payroll. The journal entry will contain the allocation of payroll and related expenses to the appropriate cost centers based up the allocation on the time sheets. The journal entry shall be recorded by the Manager of Accounts Payable.

# **POLICIES PERTAINING TO SUBSIDIZED PAYROLL**

## **Payroll Administration-Subsidized**

NRWIB operates on a bi-weekly payroll. For all subsidized payees, a payroll file is established and maintained with current documentation, as described throughout this section

The following forms, documents and information shall be obtained and included in the payroll files of all subsidized payees: The NRWIB issues negotiable paychecks for subsidized payees.

1. Form W-4 Payee Federal Withholding Certificate
2. Form CT State Withholding Certificate
3. Form I-9 Employment Eligibility Verification
4. \*Copy of driver's license
5. ^Copy of Social Security card issued by the Social Security Administration
6. Starting date and scheduled hours

\*For subsidized payees without a current, valid driver's license, acceptable alternative documents shall include:

1. U.S. Passport
2. Certificate of U.S. Citizenship (INS Form N-560 or N-561)
3. Voter's registration card
4. U.S. Military card
5. ID card issued by a federal, state or local government, provided it contains a photo
6. School record or report card (for persons under age 18 only)

^For subsidized payees without a Social Security card, acceptable alternative documents shall include:

1. U.S. Passport
2. Certificate of U.S. Citizenship (INS Form N-560 or N-561)
3. Original or certified copy of a birth certificate issued by a state, county or municipal authority
4. Certificate of Birth Abroad issued by the Department of State (Form FS-545 or Form DS-1350)
5. U.S. Citizen ID Card (INS Form I-197)
6. Native American tribal document
7. ID Card for use of Resident Citizen in the United States (INS Form I-179)

Each subsidized payee payroll file shall also indicate whether the payee is exempt or non-exempt from the provisions of the Fair Labor Standards Act.

## **Payroll Taxes-Subsidized**

The Fiscal Department is responsible for ensuring all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid. The Fiscal Department may utilize the services of an outside payroll service center for the processing of payroll, as determined by the Chief Financial Officer.



### **Preparation of Timesheets-Subsidized**

Each NRWIB subsidized payee ( or their assigned worksite supervisor) must submit a signed and approved timesheet to the program manager no later than 12:00 noon on the Monday after the pay period closes. Timesheets shall be prepared in accordance with the following guidelines:

1. Each timesheet shall reflect all hours worked during the pay period (time actually spent on the job performing assigned).
2. Timesheets shall be prepared in ink.
3. Errors shall be corrected by crossing through the incorrect entry, filling in the correct entry, and placing the subsidized payee's initials next to the change (i.e., subsidized payees shall not use "white out" or correction tape).
4. Timesheets shall be signed by the subsidized payee and site supervisor prior to submission to the program manager/coordinator.

### **Processing of Timesheets – Subsidized**

The program manager/coordinator creates a summary sheet with all participants and calculates the total number of hours worked per week. Processing of timesheets is performed by the Manager of Accounts Payable or designee. The Manager of Accounts Payable or designee reviews the summary sheet and timesheets for mathematical accuracy, and then inputs all timesheets into the payroll system or calls payroll into the payroll service center.

Tampering with, altering, or falsifying time records, recording time on another payee's time record, or willfully violating any other timesheet policy or procedure may result in disciplinary action, up to and including discharge.

### **Review of Payroll - Subsidized**

Upon production of all payroll reports and checks or return of payroll reports and checks from the payroll service center, the Chief Financial Officer reviews payroll prior to its distribution to payees and shall sign the payroll register, indicating approval of the payroll. In absence of the CFO, the Executive Director or Deputy Director may perform this function.

### **Distribution of Payroll Subsidized Payees**

Payroll checks shall be distributed to the appropriate program manager for mailing or for coordinating with individuals for check pick up. Individuals picking up checks are required to show identification and sign the check distribution list. Checks are released to the payee only.

### **Recording of Payroll - Subsidized**

The payroll checks are manually recorded in the check register by check number and charged to the contracted funding source. The payroll fees and payroll taxes are allocated in the same manner as the payroll checks and entered in the check register by payroll date. The subsidized payroll, taxes, and fees shall be recorded by the Manager of Accounts Payable. The recording of the payroll shall be reviewed by the CFO when reconciling the payroll account.

# **POLICIES PERTAINING TO SPECIFIC ASSET AND LIABILITY ACCOUNTS**

## **CASH AND CASH MANAGEMENT**

### **Cash Accounts**

#### ***General Checking Account (operating account)***

The primary operating account provides for routine business check disbursements. All cash and credit card deposits, whether received at the NRWIB office are made to this account. Cash transfers are done on an as needed basis to cover disbursements. Excess funds in this account may be transferred into short-term investments or higher interest-bearing cash equivalents. Contracts which require their own account maybe established and deposits and disbursement which are part of the contract maybe processed from that account.

#### ***Payroll Account***

The payroll account is separate from the operating account. The payroll account shall have a minimal balance. As such, only the amount needed to cover each payroll is transferred into this account from the operating account, based on the amount calculated and communicated by the outside payroll service center.

Transfers from the operating account into the payroll account are initiated by the Executive Director, Deputy Director, or Chief Financial Officer

Authorized signers on the payroll account will be the same as those on the operating account but checks will require only 1 signature.

### **Bank Reconciliations**

Bank account statements are received each month and forwarded unopened to the Chief Financial Officer. The CFO shall open the statement and review its contents for unusual or unexplained items, such as unusual endorsements on checks, or indications of alterations to checks. Unusual or unexplained items shall be reported immediately to the Executive Director and the Finance Committee.

After this review is complete, the entire bank statement is reconciled between the bank balance and general ledger balance by the Chief Financial Officer and then reviewed by the outside fiscal consultant. It is the policy of NRWIB to complete the bank reconciliation process within one week of receipt of each bank statement.

All bank reconciliations, including any adjusting journal entries resulting from preparing bank reconciliations, are reviewed by the Executive Director or Deputy Director.

Bank reconciliations and copies of resulting journal entries are filed in the current year's accounting files.

### **Other bank Accounts**

NRWIB may establish other special use bank accounts with the approval at the Board. These Accounts include the Health Reimbursement Account and Unrestricted Funds Accounts. The Unrestricted Funds Account maybe invested at the direction at the Finance Committee.

### **Cash Flow Management**

The Chief Financial Officer and /or Contracts and Grants Manager monitors cash flow needs on a weekly basis to eliminate idle funds and to ensure that payment obligations can be met. Cash transfers between accounts are performed on an as needed basis.

### **Stale Checks**

It is the policy of NRWIB to investigate checks that are more than 6 months old ("stale") that have not cleared the Organization's bank. For uncashed checks that are more than 6 months old, contact will be made with the payee to resolve the issue. The NRWIB will follow state laws as to the proper disposition or escheatment of the checks

All stale checks that are written off within the same fiscal year as they were written shall be credited to the same expense or asset account that was debited when the check was written, or the expenditure incurred. For stale checks written off in fiscal years subsequent to the year in which the check was written, a determination will be made if a refund needs to be sent or if not then the credit shall be to miscellaneous income.

### **Petty Cash: (No Petty Cash will be kept)**

The NRWIB does not permit the use of a petty cash fund.

### **Wire Transfers**

The Executive Director, Deputy Director and Chief Financial Officer shall be the only NRWIB employees authorized to transact wire transfers from NRWIB bank accounts. To prevent anyone other than these individuals from transacting wire transfers, a system shall be employed that requires the use of passcodes and the calculation of a test-key for each wire transfer. Passcodes, issued only to the Executive Director, Deputy Director and Chief Financial Officer, are assigned by the bank and are changed annually.

Confirmations of all wire transfers are delivered to the Executive Director.

# INVENTORY

## Description of Inventory

See Appendix

## **PREPAID EXPENSES**

### **Accounting Treatment**

It is the policy of NRWIB to treat payments of expenses that have a time-sensitive future benefit as prepaid expenses and to amortize these items over the corresponding time period. For purposes of this policy, payments of less than \$1000 shall be expensed as paid and not treated as prepaid expenses, regardless of the existence of a future benefit.

Prepaid expenses with future benefits that expire within one year from the date of the financial statements shall be classified as current assets. Prepaid expenses that benefit future periods beyond one year from the financial statement date shall be classified as non-current assets.

### **Procedures**

As part of the account coding process performed during the processing of accounts payable, all incoming contractor invoices over \$1,000 shall be reviewed for the existence of time-sensitive future benefits. If future benefits beyond the current fiscal year are identified, the amount of the future benefit shall be coded to a prepaid expense account code.

The finance department shall maintain a schedule of all prepaid expenses. The schedule shall indicate the amount and date paid, the period covered by the prepayment, the purpose of the prepayment, and the monthly amortization. This schedule shall be reconciled to the general ledger balance as part of the monthly closeout process.

# **INVESTMENT POLICIES**

## **Introduction**

It is the policy of NRWIB to treat all assets of the organization, including those funds that are legally unrestricted, as though they are held by NRWIB in a fiduciary capacity for the purpose of accomplishing the organization's tax-exempt mission. As such, the policies described in this section are to be interpreted in light of that overall sense of stewardship, and the investment standards of NRWIB shall be those of a prudent investor.

## **Delegation of Authority**

The Board of Directors of NRWIB has delegated supervisory authority over its investing activities to the Finance Committee of the board. The Finance Committee is responsible for regularly reporting on the organization's investments to the full Board of Directors.

The Finance Committee is authorized to retain one or more Investment Counselors to assume the investment management function. In that regard, the Finance Committee may enter into agreements with, delegate investment authority to, pay compensation to, and receive reports from one or more Investment Counselors.

## **Investment Objectives**

NRWIB's investment objectives are the preservation and protection of the organization's assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities, by earning an appropriate return on investments.

## **Allowable Investments**

Investments of NRWIB shall be made exclusively with the following securities:

1. Federally insured Certificates of Deposit, not to exceed \$250,000, including interest, at commercial banks or savings and loan institutions.
2. U.S. Treasury securities and securities of Federal agencies and instrumentalities.
3. Repurchase agreements with financial institutions collateralized by U.S. Treasury or Federal agency securities.
4. Corporate bonds and notes rated A or better by Moody's and Standard & Poor's.
5. Commercial paper rated P-1/A-1 by Moody's and Standard & Poor's.
6. Money market funds that invest in securities approved under these guidelines.

NRWIB shall not engage in margin transactions, short selling, commodity transactions or use of derivatives.

### **Diversification**

No more than 10 percent or \$10,000 whichever is greater of the investments of NRWIB shall be in the securities of any one issuer, with the exception of obligations of the U.S. government, its agencies and instrumentalities, and federally insured certificates of deposit.

### **Accounting Treatment**

All purchased investments shall initially be recorded at cost. All investments acquired by donation to NRWIB shall initially be recorded at their fair value as of the date of donation. Donated investments shall be recorded as with or without restrictions based on the existence or absence of such restrictions, as defined earlier.

Subsequent to acquisition, it shall be the policy of NRWIB to carry all equity securities with readily determinable fair market values and all debt securities at their market values. Adjustments to fair value shall be made in the accounting records and financial statements of NRWIB on a quarterly basis.

Adjustments to fair value result in unrealized gains and losses on investments. Such gains and losses resulting from contributed investments shall be classified as with or without restrictions, based on the existence or absence of explicit restrictions on such appreciation and depreciation from the donor, as defined earlier.

### **Procedures and Reporting**

The following procedures will be followed to ensure that investments are properly managed and that these investment policies are consistent with the mission of NRWIB and accurately reflect the current financial condition of the Organization:

1. The Chief Financial Officer shall maintain a schedule of investments and reconcile this schedule with the general ledger and with investment account statements on a monthly basis. The schedule of investments shall include the following information with respect to each investment:
  - a. Date acquired
  - b. Method of acquisition (purchase or donation)
  - c. Cost or basis at acquisition
  - d. Description of investment
  - e. Interest rate (if applicable)
  - f. Date of maturity (if applicable)
  - g. Holder/issuer of security
  - h. Current market value
  - i. Unrealized gain or loss
  - j. Accrued interest receivable (if applicable)

- k. Income received, year-to-date (i.e., interest, dividends)
- 2. If NRWIB invests in other than a regular saving account or certificate of deposit with its local bank the Chief Financial Officer and Investment Counselor shall prepare a schedule of investments for presentation on a semi-annual basis for the Finance Committee and on an annual basis for the Board of Directors.
- 3. If applicable the semi-annual investment reports shall detail the portfolio's composition and performance for the period and year-to-date, along with a comparison to budget and to the prior year. ,
- 4. If applicable the annual investment report shall be presented to the Board of Directors at the time the NRWIB audit is presented, outlining in detail the investment portfolio's composition and performance for the fiscal year, along with a comparison to appropriate market indices. The report will show results for the most recently completed fiscal year and for last three years.
- 5. Investment policies shall be reviewed annually by the Executive\_Director, working with the Finance Committee, to determine any appropriate modifications.
- 6. Recommendations for any revisions or modifications to the investment policy will be made by the Finance Committee to the Board of Directors for their approval.



# **Fixed Asset Management**

## **Capitalization Policy**

Physical assets acquired with unit costs in excess of \$5,000 and a life greater than two years are capitalized as Property and Equipment on the financial statements provided NRWIB has title to the Property and Equipment . Items with unit costs or life below this threshold shall be expensed in the year purchased.

Capitalized fixed assets are accounted for at their historical cost 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 later.

## **Contributed Assets**

Assets with fair values in excess of \$5,000 (per unit) and a life greater than two years that are contributed to NRWIB shall be capitalized as fixed assets on the financial statements. Contributed items with market values or life below this threshold shall be expensed in the year contributed.

Capitalized contributed assets are accounted for at their fair 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 later.

## **Establishment and Maintenance of a Fixed Asset Listing**

All capitalized Property and Equipment shall be recorded in a property log. This log shall include the following information with respect to each asset:

1. Date of acquisition
2. Cost
3. Description (including color, model, and serial number)
4. Location of asset
5. Depreciation method
6. Estimated useful life

The log will be certified and held by the Contracts Monitor.

A physical inventory of all assets capitalized under the preceding policies will be taken on an annual basis. This physical inventory shall be reconciled to the property log and adjustments made, as necessary. All adjustments resulting from this reconciliation will be approved by the Executive Director.

## **Receipt of Newly Purchased Equipment and Furniture**

At the time of arrival, all newly purchased equipment and furniture shall be “eyeballed” for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the contractor immediately.

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

## **Depreciation and Useful Lives**

All capitalized assets are maintained in the special Property and Equipment account group and are not to be included as an operating expense. Property and Equipment are generally depreciated over their estimated useful lives using the straight-line method. Depreciation must be calculated in accordance with generally accepted accounting principles (GAAP). [2 CFR §200.436]

Estimated useful lives of capitalized assets shall be determined by the Fiscal Department in conjunction with the department or employee that shall utilize the asset. The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

Furniture and fixtures	Up to 10 yrs
General office equipment	5 yrs
Computer hardware and peripherals	3-5 yrs
Computer software	2-3 yrs
Leased assets	life of lease
Leasehold Improvements	remaining lease term

Alternatively, at the direction of the Executive Director, 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.

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

Property and Equipment that become obsolete will be expensed in the year the determination is made.

## **Repairs of Fixed Assets**

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

Expenditures to repair capitalized assets shall be capitalized if the repairs materially 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.

## **Dispositions of Property and Equipment**

Equipment records must be maintained that include the ultimate disposition data including date of disposal and sale price or current fair value, including the method used to determine the value.

A physical inventory of the equipment must be taken, and the results reconciled with the equipment records at least once every two years.

A control system to ensure adequate safeguards to prevent loss, damage, or theft of the equipment is in place. Any loss, damage, or theft shall be investigated.

If equipment is sold, proper sales procedures must be established that provide for competition to the extent practicable and that result in the highest possible return. When acquiring replacement equipment, the Board may use the old equipment as a trade-in or use the sale proceeds to offset the cost of the replacement equipment, subject to written approval of the DOL Grant Officer or awarding agency.

When the equipment is no longer needed, the NRWIB must comply with the following standards.

- For equipment with a current per-unit fair market value of less than \$5,000, the NRWIB has no further obligation to the DOL or the awarding agency.
- For property with a current per-unit fair market value of \$5,000 or more, the NRWIB may retain the property for other uses, provided that compensation is made to the DOL or the proper funding agency.. The NRWIB shall compute amounts due to DOL or funding agency by applying the percentage of participation in the cost of the original purchase multiplied by the current fair market value of the property.

If the NRWIB has no further use for the property, disposition instructions are to be requested of the DOL. The following procedures, as prescribed in 29 CFR 95.34(g) (1) through (4), will apply:

- If so instructed, the NRWIB will sell the equipment and reimburse DOL for its percentage of participation. The NRWIB may retain up to 10 percent or \$500, whichever is less, for selling and handling expenses.
- If instructed to ship the equipment elsewhere, the NRWIB will be reimbursed according to its percentage of participation, plus shipping and interim storage costs.
- If instructed to otherwise dispose of the equipment, the NRWIB will be reimbursed for all costs of disposition.

(DOL reserves the right to transfer the title to the equipment to DOL or a third party.)

## **Write-Offs of Fixed Assets**

The Executive Director shall approve the disposal of all capitalized Property and Equipment that may be worn-out or obsolete. Property that is discovered to be missing or stolen will be reported immediately to the Executive Director. If not located, this property will be written off the books with the proper notation specifying the reason.

## **LEASES**

### **Classification of Leases**

It is the policy of NRWIB to classify all leases in accordance with Generally Accepted Accounting Principles.

### **Accounting for Leases**

All leases that are classified as operating leases and immaterial capital leases shall be accounted for in accordance with Generally Accepted Accounting Principles. For leases with firm commitments for lease payments that vary over the term of the lease (i.e., a lease with fixed annual increases that are determinable upon signing the lease), the amount that NRWIB shall recognize as monthly lease expense shall equal the average monthly lease payment over the entire term of the lease. Differences between the average monthly payment and the actual monthly payment shall be accounted for as an asset or liability of NRWIB.

All leases that are classified as capital leases shall be treated as Property and Equipment additions of NRWIB. As such, upon the inception of a capital lease, NRWIB shall record a Property and Equipment and a liability under the lease, based on the net present value of the minimum lease payments (or the fair value of the leased asset, if it is less than the present value of the lease payments). Periodic lease payments shall be allocated between a reduction in the lease obligation and interest expense. The fixed asset recorded under a capital lease shall be depreciated over the term of the lease, using the straight-line method of depreciation.

NRWIB shall also maintain a control list of all operating and capital leases. This list shall include all relevant lease terms.

## **ACCRUED LIABILITIES**

### **Identification of Liabilities**

The fiscal department shall establish a list of commonly incurred expenses that may have to be accrued at the end of an accounting period. Some of the expenses that shall be accrued by NRWIB at the end of an accounting period are:

- Salaries and wages
- Payroll taxes
- Vacation pay (see policy below)
- Rent
- Interest on notes payable
- ITA's
- Subrecipient costs

In addition, NRWIB shall record a liability for deferred revenue (revenue received but not yet earned) in accordance with the revenue recognition policies described elsewhere in this manual. Adjustments to deferred revenue accounts shall be made monthly.

### **Accrued Leave**

Personnel policies of NRWIB permit employees to carry forward one week of vacation leave from calendar year to calendar year. Such unused vacation leave is payable to an employee upon termination of employment.

Accordingly, it shall be the policy of NRWIB to record a liability for accrued vacation leave to which employees are entitled. The total liability at the end of a calendar year shall equal the total earned but unused hours of leave, up to a maximum of 35 hours, multiplied by each employee's current hourly pay rate.

Leave that does not "vest" with employees (i.e., leave that is not paid to employees if unused at the time of termination of employment), such as sick leave and personal time shall not be accrued as a liability of NRWIB.

## **NOTES PAYABLE**

### **Record-Keeping**

It is the policy of NRWIB to maintain a schedule of all notes payable, mortgage obligations, lines of credit, and other financing arrangements. This schedule shall be based on the underlying loan documents and shall include all of the following information:

1. Name and address of lender
2. Date of agreement or renewal/extension
3. Total amount of debt or available credit
4. Amounts and dates borrowed
5. Description of collateral if any
6. Interest rate
7. Repayment terms
8. Maturity date
9. Address to which payments should be sent
10. Contact person at lender

### **Accounting and Classification**

An amortization schedule shall be maintained for each note payable. Based upon the amortization schedule, the principal portion of payments due within the next year shall be classified as a current liability in the statement of financial position of NRWIB. The principal portion of payments due beyond one year shall be classified as long-term/non-current liabilities in the statement of financial position.

Demand notes and any other notes without established repayment dates shall always be classified as current liabilities.

Unpaid interest expense shall be accrued as a liability at the end of each accounting period.

A detailed record of all principal and interest payments made over the entire term shall be maintained with respect to each note payable. Periodically, the amounts reflected as current and long-term notes payable per the general ledger shall be reconciled to these payment schedules and the amortization schedules, if any, provided by the lender. All differences shall be investigated.

### **Non-Interest-Bearing Notes Payable**

As a charitable organization, NRWIB may from time to time receive notes payable that do not require the payment of interest, or that require the payment of a below-market rate of interest for the type of obligation involved. In such cases, it shall be the policy of NRWIB to record contribution income for any unpaid interest.

For demand loans, recording of interest expense and contribution income shall be performed at the end of each accounting period, based on the outstanding principal balance of the loan during that period, multiplied by the difference between a normal interest rate for that type of loan and the rate, if any, that is required to be paid by NRWIB.

For loans with fixed maturities or payment dates, the note payable shall be recorded at the present value of the future principal payments, using as a discount rate the difference between a normal interest rate for that type of loan and the rate, if any, that is required to be paid by NRWIB. The difference between the cash proceeds of the note and the present value shall be recorded as contribution income in the period the loan is made. Thereafter, interest expense shall be recorded in each accounting period using the effective interest method, with the corresponding credit entry increasing the note payable account to reflect the amount(s) that shall be repaid.

# POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING

## FINANCIAL STATEMENTS

### Standard Financial Statements of the Organization

Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the organization. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

The basic financial statements of NRWIB that are maintained on an organization-wide basis shall include:

1. **Statement of Financial Position** - reflects assets, liabilities and net assets of the organization and classifies assets and liabilities as current or non-current/long-term
2. **Statement of Activities** - presents support, revenues, expenses, and other changes in net assets of the organization, by category of net asset  
**Statement of Cash Flows** - reports the cash inflows and outflows of the organization in three categories: operating activities, investing activities, and financing activities
4. **Statement of Functional Expenses** – Present the expenses of the organization by natural classification.

### Frequency of Preparation

The objective of the finance department is to prepare accurate financial statements in accordance with generally accepted accounting principles and distribute them in a timely and cost-effective manner. In meeting this responsibility, the following policies shall apply:

A standard set of financial statements described in the preceding section shall be produced on an annual basis or if the Board directs a different type of statement then that statement shall be prepared. The standard set of financial statements described in the preceding section shall be prepared for the annual. During the fiscal year, the following schedules:

1. Statement of financial position prepared on the same basis as report below.
2. Comparisons of actual year-to-date revenues received, and expenses incurred with year-to-date budgeted amounts
3. Other reports as directed by the Board of Directors



The quarterly set of financial statements shall be prepared on the accrual method of accounting, including all receivables, accounts payable received by the 10<sup>th</sup> of the month, and actual depreciation expense except revenue will be recognized as received rather than earned.

### **Review and Distribution**

All financial statements and supporting schedules shall be reviewed and approved by the Executive Director prior to being issued by the Finance Department.

After approval by the Executive Director, a set of financial statements described above, or if the board directs a different type then that statement, shall be distributed to the Executive Committee, Treasurer and quarterly to the full Board.

Financial statements may include an additional supplemental schedule prepared by the Chief Financial Officer. The purpose of this schedule is to provide known explanations for material budget variances in accordance with NRWIB's budget monitoring policies described later in this manual (under the "Financial Management Policies" section).

### **Special Quarterly Distribution**

On a quarterly basis, the set of NRWIB financial statements described above or if the Board direct a different type of report then that report shall be distributed to the entire Board of Directors.

Quarterly financial statements distributed to the Board shall include an additional supplemental schedule prepared by the Chief Financial Officer. The purpose of this schedule is to provide explanations for material budget variances in accordance with NRWIB's budget monitoring policies described later in this manual (under the "Financial Management Policies" section).

### **Annual Financial Statements**

A formal presentation of the Organization's annual financial statements shall be provided by the Independent Auditor to the full Board of Directors at the Organization's Annual Meeting. This presentation will be preceded by a meeting with NRWIB's Finance Committee, at which the Finance Committee will vote to accept or reject the annual financial statements. See separate policies regarding the annual audit under "Financial Management Policies."

# GOVERNMENT RETURNS

## Overview

To legitimately conduct business, NRWIB must be aware of its tax and information return filing obligations and comply with all such requirements of federal, state and local jurisdictions. Filing requirements of NRWIB may include, but are not limited to, filing annual information returns with IRS, state\_charitable solicitation reports, annual reports for corporations, property tax returns, income tax returns, sales tax returns, information returns for retirement plans, annual reporting of compensation paid, and payroll tax withholding tax returns.

## Filing of Returns

It is the policy of NRWIB to become familiar with the obligations in each jurisdiction and to comply with all known filing requirements. The Executive Director shall be responsible for identifying all filing requirements and assuring that NRWIB is in compliance with all such requirements.

It is also the policy of NRWIB to file complete and accurate returns with all authorities. NRWIB shall make all efforts to avoid filing misleading, inaccurate or incomplete returns.

Filings made by NRWIB may include, but are not limited to, the following returns

1. **Form 990** - Annual information return of tax-exempt organizations, filed with IRS unless not required. NRWIB is tax-exempt under its 501(c)3 designation letter and has been determined to not have the requirement of filing an annual Form 990.
2. **Form 990-T** - Annual tax return to report NRWIB'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 NRWIB's employee benefit plans, if required. Form 5500 is due July 31, but a request for extension of time to file may be filed. (Presently not required to file)
4. **Personal Property Tax Return** - Filed with the Town to report personal property located within the town, personal property tax return is due October 31 or may be waived by the Town. NRWIB is quasi-governmental and is exempt from filing.
5. **W-2s and 1099s** - 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 by January 31 and also to the federal government by January 31.
7. **Form 940** – NRWIB is exempt from FUTA therefore no return is required.
8. **Form 1095-** Health Insurance Equity Statement

9. **Form 941** - Quarterly payroll tax return 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.
10. Quarterly state withholding and Unemployment returns.
11. **Form 720**- Annual return for Health insurance that covers the HRA. Return is due by July 31.

NRWIB's fiscal and tax year-end is June 30. All annual tax and information returns of NRWIB are filed on the accrual basis of reporting.

Federal and all applicable state payroll tax returns are prepared by an outside payroll service and approved by the Executive Director

It is the policy of NRWIB to comply with all state payroll tax requirements by withholding and remitting payroll taxes to the state of residency of each NRWIB employee.

### **Public Access to Information Returns**

Under regulations that became effective in 1999, NRWIB 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 (NOTE: The Board is not required to file a Form 990)
2. NRWIB's original application for recognition of its tax-exempt status (Form 1023 or Form 1024), filed with IRS, and all accompanying schedules and attachments.

It is the policy of NRWIB to adhere to the following guidelines in order to comply with the preceding public disclosure requirements:

1. Anyone appearing in person at the offices of NRWIB during normal working hours making a request to inspect the forms will be granted access to a file copy of the forms. The Executive Director shall be responsible for maintaining this copy of each form and for making it available to all requesters.
2. For all written requests for copies of forms received by NRWIB, the Organization shall require pre-payment of all copying and shipping charges. For requests for copies that are received without pre-payment, NRWIB will notify the requester of this policy via phone call or by letter within 7 days of receipt of the original request.

3. The copying cost charged by NRWIB for providing copies of requested forms shall be \$1.00 for the first page copies and \$0.50 for each subsequent page. All copies shall be shipped to requesters via Priority Mail; thus, shipping charges will be a standard \$7.65 per shipment.
4. After payment is received by NRWIB, all requested copies shall be shipped to requesters within 30 days. The making of all copies and shipping within the 30-day time period shall be the responsibility of the fiscal department.
5. For requests for copies made in person during normal business hours, copies shall be provided while the requester waits.
6. NRWIB shall accept certified checks and money orders for requests for copies made in person. NRWIB shall accept certified checks or money orders as payment for copies of forms requested in writing.

NRWIB shall comply with the federal requirements to make its forms widely available by posting all required forms on the Organization's website and referring all requesters to this website within 7 days of receipt of any request for copies. In addition to making its returns widely available on its website, NRWIB will also permit visual inspections of its returns to anyone personally appearing at the Organization's offices during normal working hours and making such a request.

## **UNRELATED BUSINESS ACTIVITIES**

### **Identification and Classification**

It is the policy of NRWIB to properly identify and classify income-producing activities that are unrelated to the Organization's tax-exempt purpose using the guidelines described in the Internal Revenue Code and underlying regulations. Such income accounts shall be segregated in separate accounts in the general ledger of NRWIB in order to facilitate tracking and accumulation of unrelated trade or business activities.

### **Reporting**

It is the policy of NRWIB to file IRS Form 990-T (if applicable) to report taxable income from unrelated trade or business activities. Form 990-T is not subject to any public access or disclosure requirements.

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Accordingly, it is the policy of NRWIB not to distribute copies of Form 990-T to anyone other than management of the Organization.

# **FINANCIAL MANAGEMENT POLICIES**

## **BUDGETING**

### **Overview**

Budgeting is an integral part of managing any organization in that it is concerned with the translation of organizational goals and objectives into financial and human resource terms. A budget should be designed and prepared to direct the most efficient and prudent use of the organization's financial and human resources. A budget is a management commitment of a plan for present and future organizational activities that will ensure survival. It provides an opportunity to examine the composition and viability of the organization's programs and activities simultaneously in light of the available resources.

### **Preparation and Adoption**

It is the policy of NRWIB to prepare an annual budget on the accrual basis of accounting. To prepare the Organization budget, the Chief Financial Officer shall gather proposed budget information from all grant sources and prepare the first draft of the budget. Budgets proposed and submitted for each funding source should be accompanied by a narrative explanation of the source and uses of funds and explaining all material fluctuations in budgeted amounts from prior years. The budget is then submitted to the Executive Director.

After appropriate revisions and a compilation of the budget by the Executive Director, a draft of the organization-wide budget is presented to the Executive Committee for discussion, revision, and initial approval.

The revised draft is then submitted to the Executive Committee of the Intergovernmental Consortium of Chief Elected Officials, and finally to the entire Board of Directors for adoption.

It is the policy of NRWIB to generally adopt a final budget at least 10 days before the beginning of the Organization's fiscal year. The purpose of adopting a final budget at this time is to allow adequate time for the fiscal department to input the budget into the accounting system and establish appropriate accounting and reporting procedures (including any necessary modifications to the chart of accounts) to ensure proper classification of activities and comparison of budget versus actual once the year begins. At times due to uncertainty of funding from the state or federal sources may cause a delay in adopting the final budget.

### **Monitoring Performance**

It is the policy of NRWIB to monitor its financial performance by comparing and analyzing actual results with budgeted results. This function shall be accomplished in conjunction with the quarterly financial reporting process described earlier.

On a quarterly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by the fiscal department and distributed to each employee with budgetary responsibilities. As required by the Executive Director these individuals shall be responsible for responding with a written explanation of all budget variances in excess of \$1,000 or five percent whichever is greater on a quarterly basis.

### **Budget Modifications**

After a budget has been approved by the Board of Directors and adopted by the Organization, reclassifications of budgeted expense amounts of less than \$25,000 within a single funding source may be made by the Chief Financial Officer, with approval from the Executive Director. Reclassifications of budgeted expense amounts within funding sources of greater than \$25,000 may be made only with approval of the Finance Committee or Executive Committee.

Reclassifications in excess of the preceding thresholds, and any budget modification resulting in an increase in budgeted expenses or decrease in budgeted revenues shall be made only with approval of the Finance Committee and either the Executive Committee or the full Board of Directors.

# **ANNUAL AUDIT**

## **Role of the Independent Auditor**

It is the policy of NRWIB to arrange for an annual audit of the Organization's financial statements to be conducted by an independent certified public accounting firm ("Auditor"). The Auditor selected by NRWIB will be required to communicate directly with the Organization's Finance Committee upon the completion of their audit. In addition, members of the Finance Committee and Executive Committee are authorized to initiate communication directly with the Auditor.

Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the Board of Directors by the Auditor at the Organization's Annual Meeting, after the financial statements have been reviewed and approved by the Finance Committee.

## **How Often to Review the Selection of the Auditor**

NRWIB shall review the selection of its independent auditor in the following circumstances:

1. Anytime there is dissatisfaction with the service of the current firm
2. When a fresh perspective and new ideas are desired
3. Every 3 years to ensure competitive pricing and a high quality of service (this is not a requirement to change auditors every three years; simply to re-evaluate the selection)

## **Selecting an Auditor**

The selection of an accounting firm to conduct the annual audit is a task that should be taken very seriously. The following factors shall be considered by NRWIB in selecting an accounting firm:

1. The firm's reputation in the nonprofit community
2. The depth of the firm's understanding of and experience with not-for-profit organizations and reporting requirements under the Uniform Guidance and the State of Connecticut Single Audit Act..
3. The firm's demonstrated ability to provide the services requested in a timely manner
4. The ability of firm personnel to communicate with Organization personnel in a professional and congenial manner

If NRWIB decides to prepare and issue a written Request for Proposal (RFP) to be sent to prospective audit firms, the following information shall be included:

1. Period of services required
2. Type of contract to be awarded (fixed fee, cost basis, etc.)
3. Complete description of the services requested (audit, management letter, tax returns, etc.)
4. Identification of meetings requiring their attendance, such as staff or Board of Director meetings
5. Organization chart of NRWIB
6. Chart of account information

7. Financial information about the organization
8. Copy of prior year reports (financial statements, management letters, etc.)
9. Identification of need to perform audit in accordance with the Uniform Guidance & the State Single Audit Act
10. Other information considered appropriate
11. Description of proposal and format requirements
12. Due date of proposals
13. Overview of selection process (i.e., whether finalists will be interviewed, when a decision shall be made, etc.)
14. Identification of criteria for selection

Minimum Proposal Requirements from prospective CPA firms shall be:

1. Firm background
2. Biographical information (resumes) of key firm member(s) who will serve NRWIB
3. Client references
4. Information about the firm's capabilities
5. Firm's approach to performing an audit
6. Copy of the firm's most recent quality/peer review report, including any accompanying letter of findings
7. Other resources available with the firm
8. Expected timing and completion of the audit
9. Expected delivery of reports
10. Fixed Fee or Cost estimate including estimated number of hours per staff member
11. Rate per hour for each auditor if other than a Fixed Fee
12. Other information as appropriate

In order to narrow down the proposals to the top selections, the Finance Committee and the Executive Director shall meet with the prospective engagement teams from each proposing firm to discuss their proposal. Copies of all proposals shall be forwarded to each member of the Finance Committee. After the Finance Committee and Executive Director narrows down the field of prospective auditors to three firms, final interviews of each firm are conducted by the Finance Committee, who makes the final recommendation to the Board of Directors for approval.

### **Preparation for the Annual Audit**

NRWIB shall be actively involved in planning for and assisting with the Organization's Auditor in order to ensure a smooth and timely audit of its financial statements. In that regard, the fiscal department shall provide assistance to the independent auditors in the following areas:

**Planning** - The Chief Financial Officer is responsible for delegating the assignments and responsibilities to accounting staff in preparation for the audit. Assignments shall be based on the list of requested schedules and information provided by the Auditor.

**Involvement** - Organization staff will do as much work as possible in order to assist the auditors and, therefore, reduce the cost of the audit.



**Interim Procedures** - To facilitate the timely completion of the annual audit, the Auditor may perform selected audit procedures prior to the Organization's year-end. By performing significant portions of audit work as of an interim date, the work required subsequent to year-end is reduced. Organization staff will comply as much as possible to provide requested schedules and documents and to otherwise assist the auditors during any interim audit fieldwork that is performed.

Throughout the audit process, it shall be the policy of NRWIB to make every effort to provide schedules, documents and information requested by the auditors in a timely manner.

### **Concluding the Audit**

Upon receipt of a draft of the audited financial statements of NRWIB from its Auditor, the CFO and Executive Director shall perform a detailed review of the draft, consisting of the following procedures:

1. Carefully read the entire report for typographical errors
2. Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of NRWIB
3. Review each footnote for accuracy and completeness

Any questions or errors noted as part of this review shall be communicated to the Auditor in a timely manner and resolved to the satisfaction of the Executive Director.

It shall also be the responsibility of the Executive Director to review and respond in writing to all management letters or other internal control and compliance report findings and recommendations made by the Auditor.

### **Finance Committee Responsibilities**

In accordance with the NRWIB by-laws, there shall be a Finance Committee consisting of at least three members. The term of office shall be commensurate with their term on the Board of Directors.

The Finance Committee's responsibilities include, but shall not be limited to, the following:

1. Appointment of, and communication with, the Organization's independent auditors
2. Review and approval of the annual, audited financial statements
3. Discussion of internal control matters with the independent auditor
4. Responding to any reported instances of fraud involving NRWIB or its employees
5. Conducting a quarterly analysis of the Organization's financial statements
6. Making policy and other recommendations to the NRWIB Board of Directors regarding matters arising out of the audit

In fulfilling these duties and responsibilities, the Finance Committee is entitled to examine any and all documents within the control of NRWIB and its employees. In addition, the Finance Committee shall have the authority to contract with independent contractors in the fulfillment of the committee's responsibilities. The Finance Committee may also recommend the retention of outside firms for the purposes of internal audit or management consultation.

# INSURANCE

## Overview

It is fiscally prudent to have an active risk management program that includes a comprehensive insurance package. This will ensure the viability and continued operations of NRWIB.

It is the policy of NRWIB to maintain adequate insurance against general liability, as well as coverage for buildings, contents, computers, fine arts, equipment, machinery and other items of value. The Uniform Guidance says the NRWIB, as a non-Federal recipient of federal funds, must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with Federal funds as provided to property owned by the NRWIB. Federally owned property need not be insured unless required by the terms and conditions of the Federal award. [ 2 CFR §200.310]

## Coverage Guidelines

As a guideline, NRWIB will arrange for the following types and levels of insurance as a minimum:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Comprehensive Liability	\$1,000,000
Automobiles for Employees, Volunteers or Escorts	\$1,000,000
Employee dishonesty/bonding	\$500,000 for all accounting department employees and the Executive Director
Fire and Water Damage	Coverage for all items with acquisition cost greater than \$1,000
Directors and Officers	\$1,000,000 (with an appropriate deductible level)
Theft	Coverage for all items with acquisition cost greater than \$1,000
Workers' Compensation	To the extent required by law
Crime	Money & securities coverage includes: Employee Dishonesty \$500,000; Forgery/Alteration \$100,000; Theft-Money/Securities \$100,000
Umbrella Policy	\$3,000,000

NRWIB shall maintain a detailed listing of all insurance policies in effect. This listing shall include the following information, at a minimum:

1. Description (type of insurance)
2. Agent and insurance company, including all contact information
3. Coverage and deductibles
4. Premium amounts and frequency of payment
5. Policy effective dates
6. Date(s) premiums paid and check numbers

### **Insurance Definitions**

#### Workers' Compensation and Employer's Liability

Contractors are required to comply with applicable Federal and State workers' compensation and occupational disease statutes. If occupation diseases are not compensated under those statutes, they shall be covered under the employer's liability insurance policy except when contract operations are so commingled that it would not be practical to require this coverage.

#### Fidelity Bond

For all personnel handling cash, preparing or signing checks, NRWIB shall obtain insurance that provides coverage in a blanket fidelity bond. The specific needs of the organization will determine the dollar limit of this coverage.

#### Comprehensive Liability

This type of coverage may include directors, officers and employee general liability insurance, buildings, contents, computers, fine arts, boilers and machinery and an umbrella policy.

# RECORD RETENTION

## Policy

It is the policy of NRWIB to retain records as required by law and to destroy them when appropriate. The destruction of records must be approved by the Executive Director and logged into the Organization's Destroyed Records Log. The formal records retention policy of NRWIB is as follows:

<u>Accident reports/claims (settled Cases)</u>	<u>7 Years</u>
<u>Accounts payable ledgers and schedules</u>	<u>7 Years</u>
<u>Accounts receivable ledgers and schedules</u>	<u>7 Years</u>
<u>Audit reports</u>	<u>Permanently</u>
<u>Bank reconciliations</u>	<u>3 Years</u>
<u>Bank Statements</u>	<u>3 Years</u>
<u>Chart of Accounts</u>	<u>Permanently</u>
<u>Cancelled Checks</u>	<u>7 Years</u>
<u>Contracts, mortgages, notes and leases:</u>	
<u>Expired</u>	<u>7 Years</u>
<u>Still in effect</u>	<u>Permanently</u>
<u>Correspondence:</u>	
<u>General</u>	<u>3 Years</u>
<u>Legal and important matters only</u>	<u>Permanently</u>
<u>Routine with customers and/or vendors</u>	<u>3 Years</u>
<u>Deeds, mortgages and bills of sales</u>	<u>Permanently</u>
<u>Depreciation schedules</u>	<u>Permanently</u>
<u>Duplicate deposit slips</u>	<u>3 Years</u>
<u>Employment applications</u>	<u>3 Years</u>
<u>Expense analyses/expense distribution schedule</u>	<u>7 Years</u>
<u>Financial statements:</u>	
<u>Year-end</u>	<u>Permanently</u>
<u>Other</u>	<u>Optional</u>
<u>Garnishments</u>	<u>7 Years</u>
<u>General ledgers/year end trial balance</u>	<u>Permanently</u>
<u>Insurance policies (expired)</u>	<u>3 Years</u>
<u>Insurance records (policies, claims, etc.)</u>	<u>Permanently</u>
<u>Internal audit reports</u>	<u>3 Years+</u>
<u>Internal reports</u>	<u>3 Years</u>
<u>Inventories of products, materials and supplies</u>	<u>7 Years</u>
<u>Invoices (to customers, from vendors)</u>	<u>7 Years</u>
<u>Journals</u>	<u>Permanently</u>
<u>Minute books of directors, bylaws and charters</u>	<u>Permanently</u>
<u>Notes receivable ledgers and schedules</u>	<u>7 Years</u>
<u>Payroll records and summaries</u>	<u>7 Years</u>
<u>Personnel records (terminated)</u>	<u>7 Years</u>
<u>Petty cash vouchers</u>	<u>3 Years</u>
<u>Physical inventory tags</u>	<u>3 Years</u>
<u>Property records (incl. depreciation schedules)</u>	<u>Permanently</u>
<u>Purchase orders:</u>	
<u>Purchasing department copy</u>	<u>7 Years</u>
<u>Other copies</u>	<u>3 Years</u>

<u>Receiving sheets</u>	<u>3 Years</u>
<u>Retirement and pension records</u>	<u>Permanently</u>
<u>Requisitions</u>	<u>3 Years</u>
<u>Sales records</u>	<u>7 Years</u>
<u>Subsidiary ledgers</u>	<u>7 Years</u>
Tax returns and worksheets, examination reports and other documents relating to determination of income tax liability	<u>Permanently</u>
<u>Time sheets/cards</u>	<u>7 Years</u>
<u>Trademark registrations and copyrights</u>	<u>Permanently</u>
<u>Training manuals</u>	<u>Permanently</u>
<u>Voucher register and schedules</u>	<u>7 Years</u>
<u>Withholding tax statements</u>	<u>7 Years</u>

Time periods noted above commence on the date which the expenditure report containing the final expenditures charged to a PY allotment or grant is submitted to the contracting authority. If a contract requires a longer period of retention, then the longer period shall apply. This assumes that no audit/litigation issues are present. In the event that litigation or audit commences prior to the expiration of the time frame, records must be maintained until all findings have been resolved and final action taken. The record retention period does not start over if a final expenditure report is revised as a result of closeout or from resolution of litigation/audit resolution or claim.

# FUNCTIONAL EXPENSE ALLOCATIONS

## Overview

As one of its financial management objectives, NRWIB strives to determine the actual costs of carrying out each of its program service and supporting activities. In this regard, it is the policy of NRWIB to charge expenses to the appropriate category of program service or supporting activity. NRWIB policy is to charge the programs directly when possible expenses that serve multiple functions or are not readily identifiable with one function shall be allocated between functions whenever possible. Administrative expenses that benefit the entire organization shall be allocated using the indirect cost rate.

Program and supporting service functions of NRWIB include but are not limited to:

### Programs:

WIOA: Adult, Youth and Dislocated Worker

Wagner-Peyser employment services

JFES

Connecticut Summer Youth programs

SDE: Bureau of Health/Nutrition, Family Services and Adult Education, Vocational Rehabilitation programs

Carl Perkins Act funds

Incentive Funds

IWT State of Connecticut

Jobs Funnel

Green Jobs

Tech Hires

Youth Build

Good Jobs

H1B Grants

National Dislocated Worker Grants [WIOA Sec 170]

HUD

Department of Education

Section 3

All costs shall be allocated according to the Board-approved Cost Allocation Plan (CAP) attached herein.

# POLICIES PERTAINING TO FEDERAL AWARDS

## ADMINISTRATION OF FEDERAL AWARDS

### Definitions

There are several types of agreements through which NRWIB may receive financial assistance from a donor/grantor agency:

**Grant:** A financial assistance award given to the organization to carry out its programmatic purpose.

**Contract:** A mutually binding legal agreement where the organization agrees to provide supplies or services and the donor, grantor agency agrees to pay for them.

**Cooperative Agreement:** A legal agreement where the organization implements a program with the direct involvement of the donor grantor agency.

Throughout this manual, federal assistance received in any of these forms will be referred to as a federal "award."

### Preparation and Review of Proposals

Individuals are responsible for preparing proposals for projects that the Organization intends to pursue. However, all proposals shall be approved by the Executive Director prior to submission to government agencies or other funding sources. Final proposals shall be reviewed and approved in writing by the Executive Committee.

### Post-Award Procedures

After an award has been made, the following steps shall be taken:

1. Verify the specifications of the grant or contract. The Fiscal Department shall review the terms, time periods, award amounts and expected expenditures associated with the award. A CFDA (*Catalog of Federal Domestic Assistance*) or SID number shall be determined for each award. All reporting requirements under the contract or award shall be summarized.
2. Create new general ledger account numbers or classes as needed. New accounts shall be established for the receipt and expenditure categories in line with the grant or contract budget.
3. Gather documentation. A file is established for each grant or contract. The file contains the proposal, all correspondence regarding the grant or contract, the final signed award document and all reports submitted to the funding sources.



## **Compliance with Laws, Regulations and Provisions of Awards**

NRWIB recognizes that as a recipient of Federal or state funds, the Organization is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. To ensure that the Organization meets this responsibility, the following policies apply with respect to every grant or contract received directly or indirectly from a Federal or state agency:

1. For each Federal or state award, an NRWIB employee within the Organization responsible for administering the award will be designated as "Grant/Project Manager" (GPM).
2. The GPM shall attend a class on grant management prior to beginning their role as a GPM (or as early in their functioning as a GPM as practical). Thereafter, the GPM shall attend refresher/update courses on grant management every two years.
3. The GPM shall take the following steps to identify all applicable laws, regulations, and provisions of each grant and contract:
  - a. Read each award and prepare a summary of key compliance requirements and references to specific laws and regulations.
  - b. Review the applicable Compliance Supplement (updated annually) published by the Office of Management and Budget (OMB) for compliance requirements unique to the award and for compliance requirements common to all Federal awards or the equivalent State Compliance Supplement.
  - c. Review the section of the Catalog of Federal Domestic Assistance applicable to the award.
4. The Fiscal Department shall forward copies of applicable laws and regulations to the GPM (such as OMB Circulars, pertinent sections of compliance supplements, and other regulations).
5. The GPM and/or the NRWIB Fiscal Department shall identify and communicate any special changes in policies and procedures necessitated by Federal or State awards as a result of the review of each award.
6. The GPM shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but not be limited to, reviewing subsequent grant and contract renewals, reviewing annual revisions to the Compliance Supplement, and communications with Federal or state awarding agency personnel.
7. The GPM shall cooperate with the Organization's Independent Auditors by informing the CPA firm as to applicable laws, regulations, and provisions of contracts and grants and communicating known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the auditors.

## **Internal Controls** [ 2 CFR §200.303]

In managing Federal awards, the NRWIB must:

1. Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the NRWIB is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in the Uniform Guidance.
2. Comply with Federal and state statutes, regulations, and the terms and conditions of the Federal and state awards.
3. Evaluate and monitor the NRWIB's compliance with statute, regulations and the terms and conditions of Federal and state awards.
4. Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
5. Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the NRWIB considers sensitive consistent with applicable Federal, state, and local laws regarding privacy and obligations of confidentiality.

## **Billing and Financial Reporting**

NRWIB strives to provide management, staff and funding sources with timely and accurate financial reports applicable to federal and state awards. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

NRWIB 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 Contract and Grant Manager and Chief Financial Officer subject to review and approval by Executive Director.

The following policies shall apply to the preparation and submission of billings to federal and state agencies under awards made to NRWIB:

1. It is the policy of NRWIB to request reimbursement or drawdown in accordance with the instructions of the federal or state agency. Typical draw down will be for expenditures that have incurred and projected expenditures for the next week unless an award specifies another method.
2. 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.

3. Requests for reimbursement of award expenditures will use the actual amounts as posted to the general ledger as the source for all invoice amounts.
4. All financial reports required by each federal and state award will be prepared and filed on a timely basis. To the extent NRWIB's year-end audit results in adjustments to amounts previously reported to federal or state agencies, revised reports shall be prepared and filed in accordance with the terms of each federal or state award.

NRWIB shall maintain separate billing records in addition to the official general ledger accounting records. Billing records shall be reconciled to the general ledger on a monthly basis.

Revenue and accounts receivable shall be recorded on the books of NRWIB by the Chief Financial Officer at year end.

If a federal award authorizes the payment of cash advances to NRWIB, the Executive Director may request that a request for such an advance be made. Upon receipt of a cash advance from a federal agency, NRWIB shall record this to revenue. As part of the close-out and invoicing process, the revenue shall be adjusted, and recognized, in an amount equal to the allowable costs incurred for that period, the remaining balance will either be a receivable or liability depending on the proper accounting

### **Cash Drawdowns**

Cash drawdowns from federal agencies shall be made in conjunction with the accounts payable and payroll schedule, based on need. All federal funds shall be deposited into a cash account under the cash receipts policies and procedures described in this manual.

The following schedule shall be completed to reconcile Federal cash on hand and to estimate the organization's need for additional Federal funds:

+	YTD expenses (from Accounting System Financial Report)
+	Estimated disbursements this week
-	<u>Federal cash drawn to date-</u>
=	<u>Amount to be requested</u>

The Contract and Grant Manager shall draw cash from the Connecticut Labor Department, U.S. Treasury or other funding source based on anticipated cash disbursements due to be paid within the next week. Adjustments to this estimate shall be made for known exceptions, such as instructions from funding agencies to draw more than one-week expenditures.

## **Procurement under Federal Awards**

Procurement of goods and services whose costs are charged to federal awards received by NRWIB are subject to all of the specific NRWIB purchasing policies described earlier, under "Purchasing Policies and Procedures." All procurement actions will be conducted in a manner that provides for "full and open competition." The following four methods represent methodologies by which the agency may procure goods and services:

1. **Micro-Purchases**: This is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold under 2 CFR §200.320 . To the extent practicable, the NRWIB must distribute the micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the NRWIB considers the price to be reasonable. [2 CFR §200.320]
2. **Small Purchase**: Small purchase procedure is a procurement method for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold as defined in 2 CFR §200.88. If small purchase procedures are used, price or rate quote must be obtained from an adequate number of qualified sources which shall be at least two qualified sources.
3. **Sealed Bids**: Under this method, bids are publicly solicited, and procurement is awarded to the lowest bidder, resulting in a fixed-price contract. To effectuate this process, three conditions must be met: complete and realistic specification of required goods or services is available and part of the solicitation, there are at least two responsible bidders and the procurement may be made principally on the basis of price. The following requirements must be applied in the sealed bid process:
  - a) The Invitation for Bid is publicly advertised, and bids are solicited from an adequate number (more than two) of known suppliers,
  - b) The IFB contains all specifications and pertinent attachments and defines the items or services to be procured in sufficient detail for the bidders to respond properly,
  - c) All bids are publicly opened,
  - d) A firm fixed-price contract is awarded to the lowest responsible bidder,
  - e) Any or all bids may be rejected if there is a documented reason.
4. **Competitive Proposals**: Competitive Proposals may be used when there is more than one prospective bidder, the lowest price is not necessarily the determining factor for award, and either a fixed-price or cost-reimbursement agreement will be awarded. This method is appropriate when the organization seeking a variety of methods that may be employed to achieve the results called for in the Request for Proposal (RFP). The following process will be used in this method:
  - a) The RFP is publicized. The RFP must contain the specifications that provide a common understanding for the proposed goods or services sought and identify all

the evaluation factors and their relative importance or weight in selection of successful bidders.

- b) Proposals are solicited from an adequate number of qualified sources.
- c) A method for conducting technical evaluations of proposals and selection of awardees is in place.
- d) Awards are made to selected bidders whose proposals are most advantageous to the program based on price and other evaluation factors.

5. **Noncompetitive Proposals**: This method provides for the solicitation of a proposal from a single source, or after solicitation of a number (more than one) of sources, competition is determined inadequate to fulfill the requirements of the organization. To use this method the following requirements must be met:

The award is infeasible under one of the methods discussed above and one of the following conditions apply:

- a) The item is available from only one source.
- b) Public emergency precludes delay.
- c) The NRWIB has requested in writing and obtained express authorization from the federal awarding agency or pass-through entity to use sole source procedures.
- d) The Executive Committee authorizes the specific noncompetitive procurement after a formal request for such competition is determined inadequate. This may occur after a competitive process has been used and there are insufficient bidders.

For all noncompetitive procurement actions, a cost analysis is required. This shall entail verification of the proposed cost data and evaluation of the specific elements of costs and profits. Profit must be separately negotiated in the award and cost plus a percentage of cost agreements are NOT allowable.

The Board is required to submit the proposed noncompetitive procurement to the awarding agency (CT DOL for WIOA and JFES funds) for review or approval.

In addition, procurements associated with Federal awards are subject to the following supplemental policies:

1. NRWIB shall avoid purchasing items that are not necessary for the performance of the activities required by a Federal award.
2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal government.

3. Documentation of the cost and price analysis associated with each procurement decision shall be retained in the procurement files pertaining to each Federal award.
4. For all procurements in excess of the Simplified Acquisition Threshold, procurement records and files shall be maintained the include all of the following:
  - a. The basis for contractor selection.
  - b. Justification for lack of competition when competitive bids or offers are not obtained.
  - c. The basis for award cost or price.
5. NRWIB shall make all procurement files available for inspection upon request by a Federal Awarding Agency.
6. All contracts with contractors/subrecipients shall require the contractor to certify in writing that it has not been suspended or disbarred from doing business with any federal agency.
7. All contracts with subrecipients shall be fully executed prior to the commencement of services.

In addition, no employee, officer, or agent of NRWIB shall participate in the selection, award or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of her or his immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award.

The NRWIB reserves the right to negotiate specific pay-for-performance terms with contractors and subrecipients. [WIOA Sec 3]

### **Solicitations of Bids from Contractors**

All purchases of over the micro-purchase shall be made by obtaining competitive proposals as defined above. Sealed bids shall be utilized when required by the Federal awarding agency.

NRWIB shall not utilize the “cost-plus-a-percentage-of-cost” method of contracting with contractors.

All other policies and procedures associated with procurement under Federal awards shall be governed by the policies applicable to all purchases of NRWIB, described in the section of this manual on “Policies Associated with Expenditures and Disbursements.”

## **Provisions Included in all Contracts**

It is the policy of NRWIB to include all of the following provisions, as applicable, in all contracts (including small purchases) with contractors and sub-grants to grantees:

1. **Equal Employment Opportunity:** All contracts shall contain a provision requiring compliance with E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR Part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
2. **Copeland "Anti-Kickback" Act (18 U.S.C. 874 and 40 U.S.C. 276c):** All contracts and subgrants in excess of \$2,000 for construction or repair awarded by NRWIB and its subrecipients shall contain a provision for compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 874), as supplemented by Department of Labor regulations 29 CFR part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States." This Act provides that each contractor or subrecipient shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. It is the policy of NRWIB to report all suspected or reported violations to the Federal awarding agency.
3. **Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7):** If included in the federal agency's grant program legislation, all construction contracts of more than \$2,000 awarded by NRWIB and its subrecipients shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). Under this Act, contractors are required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. It is the policy of NRWIB to place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. NRWIB shall also obtain reports from contractors on a weekly basis in order to monitor compliance with the Davis-Bacon Act. NRWIB shall report all suspected or reported violations to the Federal awarding agency.
4. **Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333):** Where applicable all contracts awarded by NRWIB in excess of \$2,000 for construction contracts and in excess of \$2,500 for other contracts that involve the employment of mechanics or laborers shall include a provision for compliance with Sections 102 and 107 of the Contract Works Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor regulations (29 CFR part 5). Under Section 102 of the Act, each contractor is required to compute wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than 1-1/2 times the basic rate of pay for all hours worked in excess of 40 hours in the work week. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions that

are unsanitary, hazardous, or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

5. **Rights to Inventions Made Under a Contract or Agreement:** Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Federal Government and NRWIB in any resulting invention in accordance with 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.
6. **Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended:** Contracts and subgrants of amounts in excess of \$100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
7. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** For all contracts or sub-grants of \$100,000 or more, NRWIB shall obtain from the contractor or sub-grantee a certification that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Likewise, since each tier provides such certifications to the tier above it, NRWIB shall provide such certifications in all situations in which it acts as a sub-recipient of a sub-grant of \$100,000 or more.
8. **Debarment and Suspension (E.O.s 12549 and 12689):** For all contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) (currently \$150,000), NRWIB shall obtain from the contractor a certification that neither the contractor nor any of its principal employees are listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Non-procurement Programs.
9. **Remedies:** All contracts in excess of the Simplified Acquisition threshold fixed at 41 U.S.C. 403(11) shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms.
10. **Termination:** All contracts in excess of the Simplified Acquisition Threshold f shall contain suitable provisions for termination by NRWIB, including the manner by which termination shall be affected and the basis for settlement. In addition, such contracts shall describe the conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated due to circumstances beyond the control of the contractor.



## **Making of Sub-awards**

From time to time, NRWIB may find it practical to make sub-awards of federal funds to other organizations. All sub-awards in excess of \$15,000 shall be subject to the same procurement policies described in the preceding section. In addition, all sub-recipients must be approved in writing by the federal awarding agency and agree to the subrecipient monitoring provisions described in the next section.

With respect to subrecipients with whom NRWIB has not recently had a sub-award relationship, the Deputy Director shall determine an appropriate level of pre-award inquiry that shall be performed. The purpose of such inquiry, which may involve a site visit to a potential subrecipient, is to gain assurance that a potential subrecipient has adequate policies and procedures in place to provide reasonable assurance that it is capable of complying with all applicable laws, regulations and award provisions. In addition, NRWIB may obtain the following documents from new subrecipients:

1. Articles of incorporation
2. By-laws or other governing documents
3. Determination letter from the IRS (recognizing the subrecipient as exempt from income taxes under IRC section 501(c)(3))
4. Copies of the last 3 years' Forms 990 or 990-EZ, including all supporting schedules and attachments (also Form 990-T, if applicable)
5. Copies of the last 3 years' audit reports and management letters received from sub recipient's independent auditor (including all reports associated with audits performed in accordance with OMB Circular A-133 or the Uniform Guidance, if applicable)
6. Copy of the most recent internally prepared financial statement and current budget
7. Copies of reports of government agencies (Inspector General, state or local government auditors, etc.) resulting from audits, examinations or monitoring procedures performed in the last three years

## **Monitoring of Subrecipients**

When NRWIB utilizes Federal funds to make sub-awards to subrecipients, NRWIB is subject to a requirement to monitor each subrecipient in order to provide reasonable assurance that subrecipients are complying, in all material respects, with laws, regulations, and award provisions applicable to the program.

In fulfillment of its obligation to monitor subrecipients, the following policies apply to all sub-awards of federal funds made by NRWIB to subrecipients:

1. Sub award agreements shall include all information necessary to identify the funds as federal funding. This information shall include:
  - a. The applicable Catalog of Federal Domestic Assistance (CFDA) title and number
  - b. Award name
  - d. Amount of award

2. Sub award agreements shall identify all applicable audit requirements, including the requirement to obtain an audit in accordance with the Uniform Guidance, if the subrecipient meets the criteria for having to undergo such an audit.
3. Sub-awards shall include a listing of all applicable Federal requirements that each subrecipient must follow.
4. Sub-awards shall require that subrecipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.
5. Sub-awards shall require that subrecipients submit financial and program reports to NRWIB on a basis no less frequently than monthly.
6. NRWIB will follow up with all subrecipients to determine whether all required audits have been completed. NRWIB will cease all funding of subrecipients failing to comply with the requirement to undergo an audit in accordance with the Uniform Guidance. For subrecipients that properly obtain an audit in accordance with the Uniform Guidance, NRWIB shall obtain and review the resulting audit reports for possible effects on NRWIB's accounting records or audit.
7. NRWIB shall assign one of its employees the responsibility of monitoring of each subrecipient on an ongoing basis, during the period of performance by the subrecipient. This employee will establish and document, based on her/his understanding of the requirements that have been delegated to the subrecipient, a system for the ongoing monitoring of the subrecipient.
8. Ongoing monitoring of subrecipients by NRWIB will inherently vary from subrecipient to subrecipient, based on the nature of work assigned to each subrecipient. However, ongoing monitoring activities may involve any or all of the following:
  - a. Regular contacts with subrecipients and appropriate inquiries regarding the program.
  - b. Reviewing programmatic and financial reports prepared and submitted by the subrecipient and following up on areas of concern.
  - c. Monitoring subrecipient budgets.
  - d. Performing site visits to the subrecipient to assure the subrecipient has an adequate system of internal controls and to review financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the sub award.
  - e. Offering subrecipients technical assistance where needed.
  - f. Maintaining a system to track and follow up on deficiencies noted at the subrecipient in order to assure that appropriate corrective action is taken.
  - g. Establishing and maintaining a tracking system to assure timely submission of all reports required of the subrecipient.

9. Documentation shall be maintained in support of all efforts associated with NRWIB's monitoring of subrecipients.

### **Equipment and Furniture Purchased with Federal Funds**

NRWIB may occasionally purchase equipment and furniture that will be used exclusively on a program funded by a Federal agency. In addition to those policies on Asset Management described earlier, equipment and furniture charged to Federal awards will be subject to certain additional policies as described below.

For purposes of Federal award accounting and administration, "equipment" shall include all assets with a unit cost equal to the lesser of \$5,000 or the capitalization threshold utilized by NRWIB, described under Asset Management. Approval to purchase equipment of \$5,000 or more must be obtained from the awarding agency (CT DOL) under WIOA. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by NRWIB for financial statement purposes or \$5,000, regardless of the length of its useful life. [ 2 CFR §200.94]

All purchases of "equipment" with federal funds shall be approved in advance in writing by the federal awarding agency. In addition, the following policies shall apply regarding equipment purchased and charged to federal awards:

1. Any equipment that is owned by the Federal government and given to NRWIB for use in a program shall be marked as such.
2. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to Federal awards.
3. NRWIB will follow the procedures under Dispositions of Property and Equipment.
4. The NRWIB Grant Manager shall determine whether a specific award with a Federal agency includes additional equipment requirements or thresholds and requirements that differ from those described above.
5. A physical inventory of all equipment purchased with federal funds shall be performed at least once every two years. The results of the physical inventory shall be reconciled to the accounting records of and federal reports filed by NRWIB.

### **Standards for Financial Management Systems**

In accordance with 2 CFR 200, it is the policy of NRWIB to maintain a financial management system that provides for the following:

1. Accurate, current and complete disclosure of the financial results of each federally sponsored project or program in accordance with the reporting requirements of 2 CFR 200 and/or the award.
2. Records that identify adequately the source and application of funds for federally sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income, and interest.
3. Effective control over and accountability for all funds, property, and other assets. NRWIB shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
4. Comparison of outlays with budget amounts for each award. Whenever possible, financial information shall be related to performance and unit cost data.
5. Written procedures to minimize the time elapsing between the transfer of funds to NRWIB from the U.S. Treasury and the issuance or redemption of checks, warrants or payments by other means for program purposes by the recipient.
6. Written procedures for determining the reasonableness, allocation and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.
7. Accounting records including cost accounting records that are supported by source documentation.

### **Budget and Program Revisions**

It is the policy of NRWIB to request prior approval from Federal awarding agencies for any of the following program or budget revisions:

1. Change in the scope or objective of the project or program, even if there is no associated budget revision requiring prior written approval.
2. Change in a key person (project director, etc.) specified in the application or award document.
3. The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.
4. The need for additional Federal funding.
5. The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa, if approval is required by the Federal awarding agency.
6. The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with 2 CFR 200.

7. The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense.
8. Unless described in the application and funded in the approved awards, the sub award, transfer or contracting out of any work under an award (However, this provision does not apply to purchases of supplies, materials, equipment or general support services).

**Close Out of Federal Awards**

NRWIB shall follow the close out procedures described in the grant agreements as specified by the granting agency.

NRWIB and all subrecipients shall liquidate all accrued expenditures incurred under the grant or contract within 90 days of the end of the grant or contract agreement.

# CHARGING OF COSTS TO FEDERAL AWARDS

## Overview

It is the policy of NRWIB that only costs that are reasonable, allowable and allocable to a Federal award shall be charged to that award as provided for in the CAP. 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. Fiscal personnel shall be familiar with the allowability of costs provisions of 2 CFR 200, particularly:
  - a. The list of specifically unallowable costs 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, such as foreign travel, equipment purchases, etc.
3. No costs shall be charged to any Federal award until the cost has been determined to be allowable under the terms of the award and/or 2 CFR 200.
4. For each Federal award, an appropriate set of general ledger accounts shall be established in the chart of accounts of NRWIB 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 Allowability**

It is the policy of NRWIB that all costs must meet the following criteria in order to be treated as allowable 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 organization 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 Organization, 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 Organization, but, 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 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 Organization.
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.
9. The cost must be incurred during the period of performance, or (if incurred before the Federal awarding agency or pass-through entity made the Federal award) must be authorized by the Federal awarding agency or pass-through entity. [ 2 CFR §200.309]

## **Conferences**

The NRWIB will follow guidelines from the Uniform Guidance on allowable and unallowable costs related to conferences (see 2 CFR §200.432).

## **Cost Approval Process**

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

Each invoice shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure. Invoices are approved by the appropriate project director and reviewed by the Chief Financial Officer.

Time sheets or personnel activity reports, described earlier, 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. Direct charge of costs is the preferred of allocation over the indirect allocation of costs.

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).

To avoid subsequent disallowance or dispute based on unreasonableness or non-allocability, the NRWIB may seek the prior written approval of the cognizant agency for indirect costs or the Federal awarding agency in advance of the incurrence of special or unusual costs. Prior written approval should include the timeframe or scope of the agreement. [2 CFR §200.407]