

FINANCIAL MANAGEMENT CONTROLS

INTRODUCTION

This accounting manual is designed to serve as a guide to the accounting policies and financial reporting standards of _____. Also contained in this manual is the basic framework of a system that will provide adequate levels of internal controls.

This manual will be revised as needed with the approval of the Executive Director and or any other authorized person as designated by the Board.

These policies will be kept in a separate insurance file. These policies will be reviewed annually by the Executive Director.

ACCESS TO RECORDS BY THE PUBLIC

It is the policy of _____ to allow the public to inspect the following records of the organization:

IRS Form 990

It is the policy of _____ to allow public access to IRS Form 990. This access will be provided at the organizations place of business at a time mutually agreeable between the organization and the individual requesting the inspection. Request for copies of Form 990 may be denied, and Form 990 will not be mailed under any circumstances without the approval of the Executive Director See the “public access to records”.

Original application for tax-exempt status
ATTACHMENT “A” – Internal Revenue Service
ATTACHMENT “B” – Illinois Department of Revenue

Original Articles of Incorporation
ATTACHMENT “C” – State of Illinois

Corporate By-Laws Audited Financial Statements
ATTACHMENT “D”

CPA Firm: Audited financial statements

It is the policy of _____ to distribute the audited financial statements to the Board of Directors and to organizations entitled to receive a copy because of contractual agreements.

The authority to distribute the statements to other individuals or firms requesting them will be left to the discretion of the Executive Director, but only after the Board of Directors has formally accepted the audit report at a duly called Board of Directors meeting.

CPA firm: The CPA management letter and A-133 report

It is the policy of _____ to discuss the CPA management letter, and the A-133 report with representatives of the auditing firm and to direct staff as to the appropriate action required to correct deficiencies addressed.

Distribution of the letter and A-133 report to individuals or firms other than those entitled to a copy by contractual obligation is left to the discretion of the Executive Director.

ACCOUNTING METHOD

It is the policy of _____ to utilize the cash basis of accounting during the year. This basis recognizes cash when it has been received and expenses when they have been paid.

ACCRUALS

It is the policy of _____ to accrue revenue and expenditures at year-end to reflect unrecorded transactions that affect the year then ended.

BANK ACCOUNTS

The Center currently has the following (3) three active bank accounts:

Account Number	Account Type	Bank
xxxxx	General/operating	_____
xxxxx	Payroll	_____
xxxxx	General/operating	_____.

BANK RECONCILIATION

It is the policy of _____ to have bank statements addressed to the Executive Director. The Director of Finance, who is not a check signer, will perform the bank reconciliation. The completed bank reconciliation and documentation of voided checks will be made available for review to the Executive Director on a timely basis.

CAPITAL CUTOFF POINT

It is the policy of _____ to expense assets in the period purchased if these assets cost \$1000 or less individually. Assets costing in excess of \$1000 will be capitalized and depreciated in accordance with the organizations depreciation policies.

Repairs and improvements to real property and leasehold improvements will be capitalized if they cost in excess of \$1000 individually.

DESCRIPTION OF THE BOOKS OF ACCOUNT AND ACCOUNTING RECORDS

_____ will maintain its accounting records in accordance with generally accepted accounting principles.

CHARTS OF ACCOUNTS

The chart of accounts is the essential component of the general ledger system. The chart is broken down into its various divisions – Assets, Liabilities, Fund Balance, Revenue and Expenses. Each section is define by Primary Account Number, Sub-Account Number, Department / Program Number, Description, and Posting Account Designation. All employees involved with accounting coding responsibilities or budgetary responsibilities will be issued a chart of accounts and the chart of accounts must be updated on a routine basis.

Exhibit 1

This is a copy of the current chart of accounts. The account division breakdown is the following:

- 1. 10000-00-100 Assets
- 2. 20000-00-100 Liabilities, Deferred Revenues
- 3. 30000-00-100 Fund Balances
- 4. 40000-00-*** Departmental / Program Revenues
- 5. 50000-00-*** Departmental / Program Expenses
- 6. 90000-00-*** (***) indicates Departmental / Program Numbers)

Exhibit 2

This is a copy of the current chart of accounts broken down into the various departments. Listed below are the various departments / program with their individual account designations, as of this date (October 25, 2000)

- 00000-00-100 _____
- 00000-00-200 _____
- 00000-00-300 _____
- 00000-00-400 _____
- 00000-00-500 _____
- 00000-00-600 _____
- 00000-00-700 _____
- 00000-00-800 _____
- 00000-00-900 _____

General Ledger

A general ledger will be used to summarize, on a year-to-date basis, all accounting transactions. The accounting transaction will be classified according to the chart of accounts and account descriptions. Posting to the general ledger will be made automatically from the books of original entry. Cash Receipts Register, Cash Disbursement Register, Payroll Register and General Journal.

Financial statement preparation and distribution

It is the policy of _____ to produce on a monthly basis the following financial statements:

- 1. The Statement of Financial Position (Balance Sheet)
- 2. Consolidated Statement of Revenue & Expenditures
- 3. Revenue & Expenditure Report by Program
- 4. General Ledger detail of activity for the month then ended

Each statement will contain both a consolidated and detailed report by program. The Program reports will be made available on a monthly basis to the appropriate Program Director by the 15th of every month.

A summary statement of financial position and statement of activities will be distributed quarterly to the Board Treasurer and the Board of Directors. Complete copies of the financial statements are always available.

Fund accounting system

It is the policy of _____ to maintain a fund accounting system. This system incorporates the current FASB and AICPA requirements. The system is divided into three general funds: Operating, Temporarily Restricted, and Permanently Restricted.

Closing procedures for accounting system

It is the policy of _____ to close the accounts payable and general ledger modules of its accounting system on a monthly basis by the 15th of the following month.

General Journal

Manual Journal entries will be written to record accounting transactions, which cannot logically or practically be entered in the other books of original entry. These transactions will include year-end accruals, corrections of previously recorded transactions, depreciation, etc

Contributions acknowledgment

It is the policy of _____ to send thank you letters on _____'s letterhead acknowledging all contributions, regardless of the amount. The letters will indicate the dollar amount contributed.

See the Quid pro quo Contribution section of this manual.

Depreciation

It is the policy of _____ to depreciate fixed assets using the straight-line method over its estimated useful life.

Fully depreciated fixed assets will remain on the organization's statement of financial position until they are disposed of or otherwise deemed worthless.

Assets will be capitalized in accordance with the organization's capitalization cutoff point policy.

Insurance

It is the policy of _____ to have an independent insurance consultant review periodically the organization's insurance policies to ensure coverage and limitations adequately meet the needs of the organization, its volunteers, and its employees. The following insurance policies will be updated and maintained by _____.

- 1.1 General Liability
- 1.2 Automobile Liability
- 1.3 Workers' Compensation
- 1.4 Directors and Officers Liability
- 1.5 Crime
- 1.6 Professional Liability

CASH RECEIPTS

It is the policy of _____ to process receipts on a daily basis. It is the policy to NOT solicit cash. Occasionally, cash is received in the mail as a donation. A separate deposit slip is prepared daily for any cash received, documentation and/or notes indicating the source of cash will be attached.

CASH RECEIPTS PROCEDURES

1. The daily mail will be opened by The Executive Director, who does not approve disbursements reconcile bank accounts or maintain accounting records.
2. All checks will be listed on a daily cash receipts report and endorsed with the bank stamp "For Deposit Only" immediately upon receipts.
3. A copy of the daily cash receipts report, together with the checks, will be given to the Executive Director, the person responsible for maintaining the cash receipts register and making check deposits.
4. If the check is a contribution such as from a foundation, corporation, individual, etc., the Executive Director will be responsible for sending a thank you letter acknowledging receipt. The letter will indicate the dollar amount contributed.
5. All cash receipts will be deposited in full, as soon as possible to the bank. In no case is the delay to be longer than three working days.
6. All cash receipts held in the office, pending regular deposit will be maintained under proper physical control at all times.

Cash Receipts Register

A cash receipts register should be maintained to record all funds received.

Entries to this register will be totaled daily and posted daily to the General Ledger.

CASH DISBURSEMENTS

It is the policy of _____ to keep unused check supplies safeguarded under lock and key. All checks disbursements will require approved invoices or expense vouchers.

Signed checks that have not been mailed or distributed will be placed in a lock drawer at the end of the day.

Checks will be generated once a week.

CASH DISBURSEMENT PROCEDURES

1. All bills will be attached to a voucher. All vouchers will include the following:
 - 1.1 Amount of check
 - 1.2 Name of payee
 - 1.3 Appropriate account number (s).
2. All vouchers will be approved by appropriate managers. If vouchers submitted for payment are not approved, they will not be processed and will be returned to manager approval.
3. Once vouchers have been approved the transaction will be recorded in the accounts payable system, then a check will be prepared.
4. The check number will be entered in the appropriate space on the voucher form.
5. All checks **MUST** be issued in numerical order and duplicated.
6. All checks must be signed by the Executive Director and one other person.
7. After the checks have been signed, copies will be made as needed for voucher which require this type of documentation for reimbursement. Before the checks are mailed a copy will be kept with the bill to be used for filing. All bills must be stamped "PAID".
8. Under no circumstance will checks be made payable to "BEARER" or "CASH".
9. Under no circumstances will blank checks be signed.
10. Any changes of procedures must be approved by the Board Treasurer.

Accounts Payable Systems

An Accounts Payable System should be maintained to record all check transactions.

Entries to this register will be posted to the General Ledger automatically. The accounts payable system should include a check register.

Check endorsement stamp

It is the policy of _____ to endorse checks with a stamp. All checks are endorsed immediately when the Executive Director receives them.

Paid stamp

It is the policy of _____ to alter each invoice with the following stamp upon its payment.

Voided checks

It is the policy of _____ to maintain voided checks log and document every check that has been voided, regardless of the reason.

If voided checks are physically available, they will be stamped “VOID” and filed with the canceled checks for that month.

If voided checks are not physically available, the organizations copy of the bank’s stop-payment order will be placed with the canceled checks for that month.

Investigating Outstanding Checks Over 90 Days Old

Call or write the vendor/employee and inquire whether check was received.

If check lost, issue an immediate stop payment and consider issuing a replacement check upon verification by the bank that check has not been cashed.

PURCHASING PROCEDURES

1. All purchases over \$1,000 must be approved by the Executive Director.
2. If the purchase item exceeds \$500, three bids will be obtained.
3. All items purchased must be approved against the agency budget.

BID REQUIREMENTS

It is the policy of _____ to require bids for the following expenditures:

Capital expenditures	Three bids are required for all capital expenditures exceeding \$500.
Professional services	Professional services will be evaluated every year and requests for proposals will be prepared and sent to qualified firms in the same field.
Other	All other expenses exceeding \$500, whenever possible.

The purchasing and/or procurement of goods and services shall follow the following competitive bid process:

1. All purchasing/procurement transactions shall be conducted in a manner to provide open and free competition.
2. Written specifications detailing the good/service desiring to be procured shall be prepared in advance. The specifications shall be based upon a clear and accurate description of the technical requirements for the goods or service, but shall not contain features, which unduly restrict competition.
3. The Executive Director will conduct an internal review of all bid requests to assure the avoidance of purchasing unnecessary or duplicative items and to assure that the final selection is the most economical and practical.
4. Positive efforts shall be made to utilize small business and minority-owned business sources of supplies and services to provide for the maximum feasible opportunity to compete.
5. The award shall be made to the bidder/offerer whose bid/offer is responsive to the solicitation and is most advantageous to the organization, price and other factors considered. Solicitations shall clearly set forth all requirements that the bidder/offerer must fulfill in order for the bid/offer to be evaluated by _____. All bids and offers may be rejected when it is in the best interest of _____. The Executive Director and Board Treasurer will jointly decide which bid/offer to accept.

PAYROLL PROCEDURES

1. Payroll is handled on a BI-monthly basis, on the 8th and 23rd of every month, by the Grant Management Coordinator.
2. All time sheets and time cards must be completed by the employee and submitted to the immediate supervisor for approval.
3. All time sheets are due by noon on the second day following the end of the pay period.
4. All personnel will have completed W-4, IL W-4, employee withholding certificates as required by law.
5. Any changes in payroll must be done in writing and approved by the Executive Director.
6. The Grant Management Coordinator will review time cards and time sheets for appropriate signatures.
7. The Grant Management Coordinator will process the payroll via modem to ADP (payroll service).

8. The checks will be received by the Executive Director.
9. The Executive Director will compare checks to time sheets to ascertain accuracy of the payroll.
10. Prior to distribution of payroll checks, the Executive Director will verify availability of funds in the payroll account.
11. The Grant Management Coordinator will distribute checks on the 8th & 23rd of the month, to appropriate personnel.
12. Payroll tax deposit checks will be processed by the outside payroll processing firm and submitted for payment to the appropriate government agencies. The payroll will also be responsible for all quarterly tax reports.

Payroll Register

A Payroll Register will be maintained to record all payments to employees for salaries and wages. The register will reflect the amounts of gross salary, statutory withholdings, other deductions and net pay. ADP (Payroll service) printouts constitute the registry the _____ payroll accounts will be updated. Posting to the General Ledger will be made automatically from the Payroll Register.

Time sheets

It is the policy of _____ that all employees complete and sign time sheets for every pay period. Paychecks will not be distributed until approved time sheets have been submitted.

Travel and meal expenses

It is the policy of _____ to establish travel and meal expenses guidelines as follows:

Authorizations - All travel requests must be budgeted travel and approved at least 15 days in advance by the appropriate Director.

Personal mileage - Employees will be reimbursed for use of their personal cars on organization business at a rate of \$0.32 per mile. Commuting mileage will not be reimbursed.

Public carrier - Employees traveling by public carrier should select the most cost-effective means of travel, such as coach airfare, and must have the approval of the appropriate Director. Receipts are necessary.

Lodging - Lodging facilities must be approved by appropriate Director. Employees will be reimbursed entirely for the basic room charge and applicable taxes. Receipts are necessary.

Meal - Employees will be reimbursed on a per diem basis for meals and tips. Current maximum per diem rate are as follows:

\$10--breakfast

\$10--lunch

\$10--dinner

These figures include applicable taxes and tip. Receipts are necessary for meals. Tips should be noted on meal receipts.

Taxi - Actual taxi fares, including tips, will be reimbursed entirely. Receipts are necessary. Tips must be noted on taxi receipt.

Telephone - Personal call must be limited to 15 minutes per day to be reimbursable.

Tolls and parking - Parking fees and toll expenses will be reimbursed. Receipts are necessary.

Travel expense reimbursement will be distributed or mailed within 10 day of receipt of properly approved requests.

SEPARATION OF DUTIES

1. The check signer must not be the person who creates checks or who does the bookkeeping.
2. Bank statements are reconciled by someone other than the check signer or writer.
3. Deposit documentation and reconciliation's are prepared by a person other than the one recording the receipts.

SAFEGUARDING ASSETS

The Executive Director shall have primary responsibility for ensuring that proper financial management procedures are maintained and that policies of the Board are carried out.

1. A proper filing system will be maintained for all financial records.
2. Actual income and expenditures will be compared to the budget on a monthly basis.
3. All excess cash will be kept in an interest bearing account with check writing privileges.
4. Appropriate insurance for all assets will be maintained.
5. All disbursements are made by check and documented.
6. All checks are pre-numbered and accounted for monthly.
7. All voided checks must be defaced and retained either on the check stub or with the canceled checks for that month.

8. Bank statements will be reconciled on a monthly basis.
9. No checks may be written to “cash” or “bearer”.
10. Two signatures are required on all organizational expense checks.
11. Blank checks are stored in lock drawer. The Grant Management Coordinator and Executive Director has keys to drawer.
12. Expenditure request will be approved by the cognizant manager and/or supervisor.
13. Copies of authorized check-signer signatures are kept at bank for comparison with checks presenter for payment.
14. Blank checks may NEVER be signed in advanced.
15. Any changes of procedures must be approved by the Board Treasurer.

CONSULTANTS

1. All work to be completed by a consultant will be done via a contract, which clearly defines the services to be performed.
2. The selection of consultants will be done by comparing qualifications and fees as given by the current market in the particular field he/she pertains to. When possible a minimum of three bids will be obtained.
3. The Executive Director will approve all contracts. The Board Treasurer will review all significant contracts.

Contract signing authority

It is the policy of _____ to grant authority to sign contracts to the Executive Director, as long as the financial implications of the contract are included in the organization’s budget. If the financial implications of signing a contract are not included in the organization’s budget, Board of Director’s approval is required before authority to sign the contract is granted.

INDEPENDENT CONTRACTORS

It is the policy of _____ to evaluate criteria established by the IRS when assigning individual employee or independent contractor agreement. Independent contractors will be issued IRS Form 1099 if compensation is \$600 or more. The awarding of an independent contractor agreement is subject to the review and approval of the Executive Director.

FINANCIAL REPORTING

1. Monthly financial reports will be prepared and will include line item expenditures for the month and accumulated year to date. These reports will be done on a timely basis.
2. Annual Audits will be conducted by an independent CPA at the close of each calendar year. Copies of these reports will be available to the public.
3. The _____ will prepare separate financial statements for each program that distinct accountability is required for. All financial statements must adhere to the format illustrated in our accounting guidelines.

MONTH-END PROCEDURES

The bank reconciliation is prepared to disclose any errors or irregularities existing in either the bank records or those maintained by _____. Any discrepancies noted by the reconciliation should be brought to the immediate attention of the Executive Director. Items appearing on the bank statement and requiring recognition on the books will be recorded via a General Journal entry. Generally, the accountant performs the reconciliation's, and the Executive Director reviews them.

YEAR-END PROCEDURES

1. Year-end procedures are the same as month-end procedure except that it is first necessary to adjust the books of accounts to reflect unrecorded transactions that affect the year then ended.
2. After all adjusting entries have been recorded in the General Journal and posted to the General Ledger, the standard month-end procedures will be completed and financial statements prepared.

Following Is An Outline Which May Be Used As A Checklist

1. Regular Disbursements
 - a. Review approved invoices, code invoices and record in the Accounts Payable system.
 - b. Write checks for payment.
2. Payroll Disbursements
 - a. Review approves time sheets.
 - b. Submit payroll data to ADP.

- c. Post to General Ledger.
- 3. Cash Receipts
 - a. Post to cash receipts journal.
 - b. Deposit in General Ledger (monthly).
- 4. End-of-month
 - a. Enter and post general journal entries (including accruals if relevant).
 - b. Balance General Ledger.
 - c. Prepare financial statements (balance sheet, income and expenses).
 - d. Reconcile all bank accounts.
 - e. Complete funding source reports if required.
- 5. Quarterly (Done by ADP)
 - a. Complete and file federal and state 941.
 - b. Complete and file state unemployment reports.
- 6. Annual
 - a. Contract with CPA for annual audit.
 - b. Complete and file federal form 990 report (tax return).
 - c. Complete and file state IL-990 (tax return).
 - d. Complete and file annual census report.
 - e. Complete W-2 forms - send appropriate copies to employees.
 - f. Complete and file federal 1099 form – send appropriate copies to contractors and file form 1096 with federal copies of 1099's.

Quid pro quo contributions

It is the policy of _____ to inform contributors in writing of a good faith estimate of the nondeductible portion of any quid pro quo contributions made for any fundraising activity of the organization if the contribution exceeds \$75.00 individually.

Record retention policy

The _____'s policy is to comply with all statutory requirements in regard to retention of records. The appropriate timetable is detailed below.

The staff shall ensure that information of important or confidential nature is stored so as to maintain control over the documentation, so that only those with the appropriate authority have access to the information. The information shall be stored so that those who are required to use the information can retrieve the information efficiently and effectively.

Records are to be retained until:

- they are no longer likely to be required as evidence or for any audit purposes.
- the expiration of any relevant period specified in this manual.

DESTRUCTION OF RECORDS

On an annual basis the files will be reviewed per the established timetables, and those records scheduled for destruction will be placed in a security bin for shredding.

RETENTION OF RECORDS TIMETABLE

The retention period set forth below do not represent a requirement that records must be destroyed after such periods. Longer periods may be prescribed for particular records in respect of current or pending legal proceedings.

1. 10 Years after The Financial Year to Which the Record Relates:
 - Main transaction summary records-general journals, transaction summaries and the like.
 - Internal audit reports.
 - Position Assessments.
2. 5 Years After the Financial Year to Which the Record Relates:
 - Primary evidentiary record-copies of forms issued for value, vouchers to support payment made, check journals, invoice journals, abstract and like records associated with the receipt or payment of money.
 - Subsidiary ledgers, accounts payable, accounts receivable and records relating to assets no longer held or liabilities that have been discharged.
3. 3 Years After the Financial Year to Which the Records Relates:

- Supplementary or partial type accounting record, deposit books, time sheets and the like.

4. 2 Years After the Financial Year to Which the Record Relates:

- General and incidental source documents not included above. Copies of official orders other than those copies used to substantiate payments or for unperformed contracts, bank deposit slips, bank statements, etc.

Sales tax exemption

It is the policy of _____ to claim sales tax exemptions on all purchases. A copy of the Sales Tax Exemption Certificate and supporting documentation can be obtained from the organizations Director of Finance. The sales tax exemption is to be used for official business only.

DESCRIPTION OF SUBRECIPIENT MONITORING

Reviewing Grant Applications

- a. Applications are filed and approved in a timely manner
- b. Applications contains the condition that the sub recipient complies with the federal requirements set by the federal grantor agency.

Establish Internal Control Over Compliance

- a. Funds are disbursed to subrecipients only on reimbursement.
- b. Funds are disbursed to subrecipients only on the basis of approved, properly completed reports submitted on a timely basis.
- c. Refunds that are due from subrecipients are billed and collected in a timely manner.
- d. Subrecipients and other entities and individuals receiving federal funds meet eligibility requirements.

Review Financial and Technical Reports

- a. Site visits will be conducted by the Project Director and the Executive Director CCHSD to review financial records.
- b. Evaluate for completeness and compliance with applicable laws and regulations.
- c. Require prior approval for certain activities.

Other

- a. Carefully document all-important provisions in the agreement.
- b. Provide technical assistance and training of sub recipient's personnel.
- c. Make regular phone calls and establish other regular means of communication.
- d. Arrange for annual audits for recipients of Federal Awards.

Compliance**Political Activity**

Any person or organization involved in the administration of federally assisted programs will not use funds for partisan political activity of any kind.

Davis Bacon Act – will comply as applicable.

Civil Rights

No person on the grounds of race, color, national origin, age, or handicap, be excluded from participation in or be subjected to discrimination in any program or activity federally funded. Discrimination on the basis of sex or religion is also prohibited.

Cash Management

Minimize the timing between transfers of funds from the U.S Treasury and disbursements of funds.

Advances to secondary recipients shall conform to the same standards of timing.

Payments limited to amounts needed to meet immediate cash requirements.

No large amounts of excess cash over cash reports submitted by subrecipients will be allowed.

Federal Financial Reports

Annual Financial Status Report SF 269 must be submitted within 90 days after the end of the budget period.

Quarterly Programmatic Progress and Financial Status Reports – Due on the 30th of the month following for the quarter then ended

Monthly Expenditure Reports – Due on/or before the 15th of the month following for the month then ended.

Data collection form and reporting package shall be submitted within the earlier of 30 days after receipts of the auditors' report(s), or nine months after the end of the audit period.

Allowable Cost - Direct and Indirect

Cost is allowable only to the extent of benefits received by the program, and cost must meet the basic guidelines of allow ability, reasonableness, and allocability and remain the net of all applicable credits.

Cost should be –

- a. Necessary and reasonable for the performance and administration of the program.
- b. Authorized or not prohibited under state or local laws or regulation.
- c. Conforms to any limitations or exclusions in program agreement or specific requirements in program regulations
- d. Consistent treatment with policies, regulations and procedures applied uniformly to federal and non-federal activities.
- e. Given consisted accounting treatment within and between accounting periods, and not allocable to or included as a direct cost of the program if the same or similar costs are allocated to the program as an indirect cost.
- f. In accordance with generally accepted accounting principles.
- g. Not included as a cost or used to meet cost sharing requirements of other federally supported activities of the current or prior period.
- h. Supported by underlying documentation.
- i. Indirect Cost only – To get reimbursed for indirect costs a cost allocation plan is prepared.
 1. Indirect cost rate is used to charge indirect cost to program.
- j. Cost chargeable directly to federal grants or any other direct cost including costs required for matching or cost sharing have been excluded from the pool of indirect costs and included in the base.
 1. Base – Total direct costs excluding capital expenditures (building, individual items of equipment; alterations and renovations) and subawards.
- k. Indirect cost charged to program is supported by amounts recorded in the accounting records.

Unallowable costs in and of themselves

1. Entertainment
2. Lobbying
3. Alumni activity
4. Public relations

Allocation of Costs

Fringe benefits allocation rates deal fairly with differing levels of benefits provided to different classes of employees. Indirect cost rate is used to charge cost to programs consisted with applicable cost principle and negotiated agreement.

Drug Free Workplace Act

Agency certifies that it will provide a drug free workplace.

Budgets

Financial Officer is responsible for monitoring; controlling, projecting and planning resources in the context of direction received from the grant specific requirements.

A budget is prepared for all grant program and if required, for other sub grants of the entity.

All revisions to the initially prepared budget are properly approved

Budgetary amounts shown in financial statements include the initially prepared budget and approved revisions.

Budget amounts shown in the financial statements are shown on the same basis of accounting as the actual financial statements.

Deficits at the budget unit level are permissible only with the prior express approval of the Financial Officer. Excess funds in these line items must be withdrawn from the grant and the grant award reduced by the amount of excess funds.

Budget and Programmatic changes

Prior approval required before making the following changes in an approved program –

1. Changes in the scope or specific goals and objectives of the program, whether or not they involve budget changes.
2. Changes in, or extended absences of, the program director or any other key personnel designated.
3. Changes in the level of participant supervision.
4. Entering into sub grants or contracting out any program activities funded by the grant (unless

identified in the approved application) other than the purchase of supplies, equipment, or general support services.

5. Changes in grant period must receive prior approval.

Changes not allowed

Administrative costs budget transfers to absorb administrative cost over the limit specified in the approved budget.

Cash and In Kind Match

Matching Obligation

Must provide, document, and account for the matching funds agreed upon in the approved application.

Cash match should be met monthly and spent proportional to the match specified in the grant award.

Cash or In Kind match for other costs are limited to training, education, uniforms, direct staff, operation (travel, supplies, transportation, equipment, direct facility costs) evaluation and administration.

Administrative costs, which exceed the maximum administrative costs limit, specified in the approved budget but otherwise would have been allocable to the grant may be included as part of cost sharing or matching.

Must meet all of the following criteria

1. Costs are verifiable from the grant records.
2. Costs are not included as contributions for any other federally assisted program.
3. Costs are necessary and reasonable for the proper and efficient accomplishment of program objectives.
4. Costs are allowable under applicable cost principles

The value of the contribution of services and property will be determined in accordance with applicable cost principles set forth in OMB Circulars A-122 and A-133.

Equipment Costs

Equipment having a useful life of more than two years and an acquisition cost of \$500 or more per unit (including accessories, attachments, and modifications). The requirements do not apply to property with a useful life of less than two years or a unit acquisition cost of less than \$500.

Equipment is allowable as a direct cost under the grant provided that specific prior approval or was specifically provided for in the approved budget.

Title to equipment acquired with grant funds vests in the grantee, subject to the conditions specified in the grant and applicable OMB Circulars.

Equipment may be used in the program for as long as needed. If multiple use will not interfere with program needs, the equipment may be available for use in other activities unless title transfer.

Equipment with a unit acquisition cost of \$5,000 or more is subject property management standards and inventory controls in accordance with OMB Circulars A-110 and A-102.

Maintenance of equipment records that include

1. A description and source of the equipment (including grant award number);
2. Manufacturer's serial number or other identification number; description of title;
3. Acquisition date and cost; unit acquisition cost;
4. Percentage of federal financial participation;
5. Date, location and condition;
6. Disposition and loss information.