



**North Central
Counties
Consortium**

**NCCC
ADMINISTRATIVE ENTITY**

**FISCAL POLICIES
AND PROCEDURES**

Revised: 8/25/11

The purpose of these policies and procedures is to develop an internal accounting and fiscal management system sufficient to:

1. Ensure fiscal accountability in accordance with generally accepted accounting principles and state/federal reporting requirements;
2. Ensure that procedures are designed to meet the need for internal control of fiscal operations;
3. Accurately accumulate data necessary to determine costs of program operations;
4. Accurately accumulate data necessary for development of internal and external fiscal reports; and
5. To ensure adherence to management policies, contract conditions, and other relevant regulations and financial limitations.

I. SYSTEM OVERVIEW

NCCC maintains books of original entry using a computerized fund accounting software package (MIP). As needed, this information is supplemented with spreadsheets and a chart of accounts.

Entries are made throughout the month and accounts are closed by the 15th day of the following month. The Fiscal Officer maintains a monthly general ledger and posted transaction register, which are generated from MIP. A variety of additional reports used for management and WIA reporting purposes are also maintained on a monthly basis.

The MIP data is supplemented by spreadsheets prepared and maintained by the Fiscal Officer (e.g., check register, subcontractor disbursement summary, cash reconciliations, etc.). The spreadsheets are used to expedite cash requests and to generate data in different formats as needed for funding source or WIB/Governing Board reports. The supplemental spreadsheets also serve as a quick check to eliminate or identify possible data-entry errors in the MIP system.

NCCC financial records are maintained on an accrual and cost reimbursement basis.

II. GENERAL ACTIVITY FLOW

A. Contracts with Funding Sources

1. Proposals prepared and submitted to funding sources with the review and approval of the WIB/Governing Board (WIB/GB).
2. Contracts with funding sources received, reviewed, and negotiated by Executive Director (ED).

3. Contract documents are completed by the Fiscal Officer and Fiscal Assistant or other designated staff as appropriate, reviewed by the Executive Director, and executed by the WIB/GB Chairs.

B. Contracts with Subcontractors

1. Proposals for services are submitted by potential subcontractors.
2. Subcontract documents are completed by the Fiscal Officer, reviewed and executed by the Executive Director and the subcontractor's designated contracting authority.
3. Subcontract modifications are prepared by the Fiscal Officer, and executed by the Executive Director.
4. Subcontractor cash requests are reviewed and approved by the Fiscal Officer based on contract documents and available contract balances. Payments are authorized by the Executive Director.
5. Fiscal reports are prepared by the Fiscal Officer, reviewed by the Executive Director, as appropriate, and signed by the Fiscal Officer.
6. Closeout reports are prepared by the Fiscal Officer and reviewed by the Executive Director.

III. FILING

The Fiscal Officer maintains all fiscal documentation.

- A. Contracts - A master file is maintained for the NCCC subgrant and separate files are maintained for service provider contracts. The master file contains suballocation information by service provider and any cost category limitations.
- B. Checks - A check register is maintained monthly by the Administrative Entity. An MIP posted transaction register and general ledger are maintained monthly. Checks are filed numerically, by month, by fund, with backup documentation and voucher authorization attached to a copy of the check.
- C. Receipts - A manual prenumbered receipt log is maintained by the Account Technician or Fiscal Assistant. The receipt number is used for MIP data entry. The check register shows receipts deposited.
- D. Bank Statements - Separate files are maintained for bank statements. The check register file contains bank reconciliation documentation.

- E. Subcontractor Cash Requests - Maintained by the Fiscal Officer or Fiscal Assistant in a binder, filed chronologically on the basis of cash draws. Weekly cash request summary spreadsheet included.
- F. Funding Source Cash Requests - A copy of each cash request submitted to EDD is maintained by the Fiscal Officer or Fiscal Assistant.
- G. Payroll/Tax/Benefit Information - Payroll information is maintained by the Fiscal Officer in a binder by employee, check, period, deductions, etc. Sick leave and vacation accruals, tax reports and deposits, annuity payments, and benefits summary are maintained and updated by the Account Technician or Fiscal Assistant. Time cards are filed separately, chronologically by employee.
- H. Service Provider Disbursement Summary - Summary payment information is maintained in a binder, outlining checks disbursed to service providers and NCCC by date, check number, total amount, amount by contract/title. These summaries are submitted to service providers each quarter for verification/adjustments.
- I. Service Provider Monitoring - Maintained in binders, chronologically by service provider. Monitoring backup documentation, monitoring letter, and resolution of findings documentation included.
- J. Ledgers - Maintained online in the MIP accounting system.
- K. Bank Deposits - Duplicate copies of deposit slips, with revenue detail, and receipt numbers, filed chronologically in separate binders for each bank account.
- L. Fiscal Reports - Expenditure reports submitted to funding sources quarterly and at closeout. Maintained in a binder, with roll-up information of all expenditures by contract, title, service provider, and cost category, with subcontractor reports attached. Maintained by fiscal quarter.
- M. MIP Fiscal Reports - Additional MIP reports (combining statements, etc.) maintained in binder, filed by type of report, by month.

IV. TRANSACTIONS

Daily transactions, reporting requirements, and filing are described in the following pages.

TRANSACTION PROCEDURES

I. RECEIVABLES

As a Local Workforce Investment Area (LWIA) under the Workforce Investment Act (WIA), NCCC is funded by subgrant agreements with state and federal agencies. Grant revenue is earned by providing WIA services. NCCC does not directly provide services, but rather contracts for services in each of the four counties in our consortium. NCCC expenditures are determined by accumulating the expenditures of subcontractors with the expenditures of NCCC AE.

A. Revenue from Funding Sources

Revenues for services are determined by rolling up service provider and AE expenditures. The difference between accumulated expenditures on cost reimbursement contracts and cash received are receivables. Billings to funding sources are developed bi-weekly through combining county and AE cash requests. Because WIA regulations limit the amount of cash which may be kept on hand, these cash requests represent the amount of cash necessary to cover disbursements which are immediately due and payable.

B. Service Provider Disallowed Costs

Service providers are monitored by NCCC staff at least twice a year and undertake an annual audit. If costs are disallowed as a result of the monitorings or the audit the service provider must refund the amount questioned from non-WIA sources.

If the disallowance results from a state or federal monitoring, the amount collected from the service provider will be remitted to the appropriate agency.

If the disallowance results from an NCCC or auditor finding, then the amount collected from the service provider will be made available to that service provider (or the service provider currently serving the county of disallowance) with the requirement that the funds be used for the provision of WIA services.

C. Excess Cash Paybacks

The service providers' cash status is desk reviewed quarterly, upon receipt of expenditure reports, and is reviewed during monitoring. If excess cash is determined, the service provider will refund the excess to NCCC. Paybacks are usually done through an adjustment to the subsequent weekly cash draw but occasionally (as at time of closeout) involve an actual payment. When a payback is received it is credited to the appropriate contract/title and a cash adjustment (reduction) will be made in the subsequent week's cash request.

D. Vendor Refunds

The Fiscal Officer maintains a pending file of canceled or returned purchases that require a refund from the vendor. Information is held in the pending file and followed up monthly until receipt of the refund. As refunds are received, they are credited to offset expenditures in the appropriate expense category and bank account. As appropriate, an adjustment is made in the subsequent week's cash request.

E. Other Offsets to Expenditures

Occasionally staff travel will be reimbursed by another organization (e.g., the State, NACO, etc.) NCCC may have initially incurred some or all of the costs of the travel. The traveler submits a reimbursement voucher to the appropriate organization, upon completion of the trip. The AE maintains copies of the reimbursement request in a pending file and follows up quarterly on the receipt of the reimbursement. Upon receipt of the reimbursement, the Fiscal Officer reconciles the reimbursement against NCCC funds advanced and the traveler reimburses the appropriate amount to NCCC. The reimbursement is credited to offset expenditures in the appropriate expense category.

Any and all other reimbursements are credited to offset expenditures in the appropriate expense category.

Upon receipt of reimbursements, adjustments (reduction) are made to the subsequent week's cash request.

F. Receipts and Deposits

The majority of cash is received through the mail or is directly deposited by funding sources. The Executive Assistant opens and date stamps all mail. All checks are stamped "For Deposit Only - NCCC" by the Account Technician or Fiscal Assistant. The Fiscal Officer reviews the revenue and returns it to the Account Technician or Fiscal Assistant with information on the appropriate account for deposit. All revenue is receipted by the Account Technician or Fiscal Assistant using a pre-numbered receipt log. Mailed and occasional counter collections are receipted on the day received. Direct deposits are receipted at time of the cash request, with the anticipated date of receipt. Transfers between accounts are receipted at time of transfer.

The Account Technician or Fiscal Assistant prepares the deposit slips, which are reviewed by the Fiscal Officer. Deposits are made on a weekly basis. The Account Technician or Fiscal Assistant makes the deposit. A duplicate deposit slip is received from the bank for both direct deposits and staff-made deposits. Separate binders are maintained for each account.

The duplicate deposit slip along with identifying receipt number and detail on the source of the deposit (e.g., contract/title) are maintained in the appropriate binder.

The Fiscal Officer or Fiscal Assistant enters all receipts in the check register and the revenue ledger using the receipt number as the identifier. The check registers and the revenue ledgers are closed monthly.

II. CASH REQUESTS

A. Requests to NCCC

Authorized personnel from each service provider (the Fiscal Officer maintains a listing of eligible individuals) email cash requests/requests for cost reimbursement to NCCC on a bi-weekly basis, requesting funding by contract and title. Cash requests/request for reimbursement must be received by 5:00 pm on the first and third Friday to be processed that week. When holidays fall on Friday, the cash requests are usually made on the Thursday before. Service providers are informed, in advance, when the cash day has been changed.

The Fiscal Assistant or other designated staff maintains an accounts payable file for costs incurred or due. These bills are summarized each week. The NCCC AE request is added to the total service provider cash request.

All cash request forms are forwarded to the Fiscal Officer. The Fiscal Officer checks the arithmetic of the service provider requests and checks that sufficient balances are available in the contract. If any errors are found in the service provider cash requests or if insufficient funds are available in the contract, the Fiscal Officer calls the service provider to clarify or correct the cash request.

The Fiscal Officer will make any necessary cash adjustments (including clearing previous borrowings, paybacks, etc.), prior to rolling up all figures for the state request. This information is kept with the other forms and cash adjustments are noted on the summary sheet.

Cash requested from EDD is for immediate cash needs only. Immediate cash need is defined as being disbursed within three days. The Fiscal Officer will review available cash balances on a weekly basis to make sure that there is no excess cash. Cash is requested on a bi-weekly basis.

B. Requests to EDD

The Fiscal Officer enters the cash requests into the State system by 1:00 pm in order to assure that funds are received within two working days of the request. Cash is requested by grant code.

Funds are electronically transferred, usually by 1:00 pm two days following the cash request. Funds are deposited into the appropriate US Bank account; reconciliation is performed on arrival of bank access or verification on online banking. The Account Technician or Fiscal Assistant verifies the deposit slip amount at time of bank reconciliation.

C. Cash Transfers

Transfers of funds received are described under "Disbursements".

III. BANKING

NCCC maintains two separate bank accounts: (1) US Bank Main Account, is the main transfer account for the service providers and NCCC, with funding source revenues deposited to the account and disbursements on service provider cash requests being paid out of that account; (2) a second US Bank account is an account used to accumulate non-WIA funds. Assigned Governing Board/WIB members and the Executive Director are named signatories on the accounts.

A. Bank Reconciliations

Bank statements are received monthly. The Account Technician or Fiscal Assistant prepares a bank reconciliation form for the accounts, within a week of receipt of the statement. The Fiscal Officer checks the reconciliation, signs it, and files the reconciliation with the appropriate check register.

For the reconciliation, paid checks are compared with checks shown on the check register and outstanding checks are noted. Deposits are compared with the check register and the deposit book and deposits in transit are noted. Outstanding checks are deducted from the bank statement balance and outstanding deposits are added to the bank statement balance; the resulting amount is checked against the check register. The check register is marked to note where the reconciliation figure was achieved.

If the bank statement contains bank memos or credits/charges not previously entered in the check register, the Fiscal Officer will verify the cause of the memo and make the necessary adjustments to the check register and appropriate revenue/disbursement ledgers.

Any discrepancies discovered as part of the reconciliation process are noted and resolved, as needed, by the Fiscal Officer. A separate bank statement file is maintained for each of the accounts and the statements are filed chronologically.

IV. ACCOUNTS PAYABLE

NCCC has three types of payables: (1) Payments of service provider cash requests for contract services; (2) AE and WIB/GB operational costs; and (3) Excess cash returnable to funding sources when revenue exceeds expenditures.

A. Main Account

This account is the main account for the receipt of funds from the funding sources and for payments to the service providers. For the purposes of this account, the NCCC AE is treated as a service provider and funds are issued to the AE as for a subcontractor. Accounts payable are service provider and AE grant billings.

This account is the grant/contract account and reconciles with reports submitted to the funding sources.

Service providers and the AE generate billings through the bi-weekly cash request process previously described. Service provider cash requests are based on actual expenditures incurred for program services and estimated cash needs before the next cash request. AE billings are for cumulative cash needs for operational costs to be paid in the week of the cash request.

Some service providers may arrange for direct deposit of their checks. The Account Technician or Fiscal Assistant prepares deposit slips, previously provided by the service providers. The deposit slip is reviewed by the Fiscal Officer. Checks are deposited directly into the appropriate account. A duplicate copy of the deposit slip is received from the bank. The duplicate deposit slip is mailed to the service provider. Transmittal letters indicate whether a check or a duplicate deposit slip is enclosed.

The Fiscal Officer maintains a copy of the check and the transmittal letter in the chronological file and a copy of the transmittal letter and duplicate deposit slip in the vendor file.

The Fiscal Assistant or other designated staff maintains chronological files of all service providers' telephoned or written requests for cash (billings) and written confirmations of cash.

Paybacks to funding sources are usually made through a negative cash request. However, on occasion, cash paybacks are made to the funding sources, such paybacks are made from this account.

B. Non-WIA Account

NCCC generally receives invoices through the mail. The Fiscal Assistant or Fiscal Officer compiles a weekly list of accounts payable, based on invoices received and non-invoice items payable (e.g., salaries). In general, unless there is an error which needs resolution, all payables are paid within two weeks of receipt.

The Fiscal Assistant or other designated staff maintains a chronological file of all checks issued, with their vouchers and their original invoice in the check file, and maintains a copy of the vouchers in the vendor file.

V. DISBURSEMENT CHECKS

A. General

All checks are prenumbered, require two signatures over \$10,000, and have duplicates for backup documentation. Generally, checks are signed by the Executive Director or the designated Governing Board/WIB members.

All checks denote the payee, payee's address, date, total amount, contract/funding source, account number, etc. (as appropriate). Additional detail for the check is provided on either the transmittal letter or the authorizing voucher.

Voided checks are mutilated and clearly marked "void" and are maintained by the Account Technician or Fiscal Assistant in numerical order.

The Account Technician or Fiscal Assistant monitors uncashed checks through the bank reconciliation and will contact the payee when a check has not cleared the bank within 60 days. Based on the contact, as needed, a stop payment may be placed on the check after six months and the payment may be reissued.

The Account Technician or Fiscal Assistant monitors returned checks. If the check is returned due to incorrect address, moved, etc., every effort will be made to contact the payee and deliver the check. Such efforts will be documented in the file. If the check can't be delivered within 60 days of return, the check will be voided. If a check is returned for other reasons, appropriate action will be taken, as needed.

Voided checks and stop payment checks will be added back into the check register and the ledgers at the time of the void/stop payment. Cleared checks are maintained by the Fiscal Officer or Fiscal Assistant in numerical order, with a copy of the bank statement received. The Fiscal Officer or Fiscal Assistant maintains the original bank statements.

Duplicate copies of the checks, with backup documentation and vouchers, are maintained by the Fiscal Officer or Fiscal Assistant in a chronological file. Duplicate copies of vouchers are maintained by the Fiscal Officer or Fiscal Assistant in the vendor file.

The Fiscal Officer reviews all fiscal documentation. The Executive Director reviews the documentation and signs the checks and the vouchers. The Executive Assistant mails or distributes the checks. Copies of the mailings are maintained in the chronological mail file.

Blank checks are maintained by the Fiscal Officer or Fiscal Assistant in a secure place.

Under no circumstances will: A) Checks be prepared or issued unless prescribed procedures are followed; B) Blank checks be signed; C) Checks be made out to "cash", "bearer", "petty cash", etc.; or D) Checks be issued out of sequence.

The Fiscal Assistant or other designated staff enters all checks in the check register and the disbursement ledger, using the check number as the identifier. The check registers and the disbursement ledgers are closed monthly.

VI. AE PAYROLL PROCEDURES

All staff is paid on a bi-monthly basis.

Total funding available for staff costs are established by the WIB/GB as part of the annual budget process. The GB establishes the range of annual salary for the Executive Director, and the specific placement of the Executive Director within that range. The GB establishes the range of annual salary for all other positions, with the Executive Director establishing individual placement of each employee's salary within that range.

A payroll binder is maintained which outlines and summarizes all payroll, deductions, and benefits activities.

A. Pay Periods

All staff are paid on a bi-monthly basis. Pay date is the 15th and the last day of each month. Payroll is processed as part of the AE's cash request.

B. Payroll Processing

Based on information received from the Executive Director, the Fiscal Officer or Fiscal Assistant computes the gross pay for each employee and establishes the correct deductions (tax, UI, SDI, annuity, etc.) to be taken. Reductions are determined on the basis of the employee's W-4 and voluntary deduction status. This information is determined annually upon approval of the budget and is updated throughout the year as needed. The Fiscal Officer or Fiscal Assistant prepares a summary sheet which is kept in the payroll binder.

W-4s and other pertinent deduction documentation are maintained by the Fiscal Officer or Fiscal Assistant in the personnel files. W-4s are updated annually.

Based on the pay period schedule and the payroll information, the Fiscal Officer or Fiscal Assistant prepares the payroll checks and the state and federal tax de-

posit slips and check voucher. The Fiscal Officer takes the information from the check vouchers to process the direct deposit payroll.

Tax deposits are made as required as part of the payroll process. Federal tax deposits are made to the appropriate entity and state tax deposits are mailed to EDD.

C. Time Cards

Time cards are maintained by all staff on a monthly basis to record time worked and leave taken. Upon completion of each month, all time cards are reviewed, approved, and signed by the ED. After review and signature, they are forwarded to the Account Technician or designated staff for filing and for recording leave. Time cards are maintained by the Account Technician or designated staff by staff name in chronological order.

D. Sick Leave/Vacation

Sick leave and vacation are paid as regular hours in the pay period taken. All sick leave and vacation taken are shown on the time cards. The Account Technician or designated staff maintains a sick leave/vacation running balance available for each employee; with hours earned and taken shown by pay period. At the end of the fiscal year, the balance carried forward into the next year is reviewed and adjusted by the Fiscal Officer in accordance with the personnel policies. The reports are filed in the payroll binder. The Fiscal Officer reviews the reports on an on-going basis.

E. Payroll/Tax Reports

The Fiscal Officer or Fiscal Assistant maintains a payroll summary report, by employee. This report shows check number, gross payroll, all deductions, and the net payment. This report is updated each pay period. It is subtotaled and filed on a quarterly basis. The reports are filed in the payroll binder. The Fiscal Officer reviews the reports on an on-going basis.

The Fiscal Officer or Fiscal Assistant maintains federal and state tax summary reports, by pay period. This report shows check number, total payment, and subcategory of payment (SIT, SDI, etc.). The reports are filed in the payroll binder. The Fiscal Officer reviews the reports on an on-going basis.

The Fiscal Officer or Fiscal Assistant maintains annuity payment summary reports, by month. The report shows check number, total payment and subcategory of payment (employer or employee) by employee. The report is filed in the payroll binder. The Fiscal Officer reviews the report on an on-going basis.

On a quarterly basis, the Fiscal Officer or Fiscal Assistant prepares and submits federal and state tax reports and additional deposits. The reports are filed in the

payroll binder with copies in the check documentation and the vendor files. Information on quarterly payments is included in the tax summary reports.

VII. CONTRACT FUNDING ALLOCATIONS

A. Regular Formula Allocations

All funding which NCCC receives is reduced by an NCCC administrative charge. This charge is not to exceed 10% of regular formula allocation funding. This amount funds the budget for the Administrative Office and the WIB/GB.

After the administrative charge has been deducted, service provider allocations are determined on the basis of allocations determined by the state. In accordance with the NCCC Joint Powers Agreement, each county gets a share of the regularly allocated formula funding, based on information received from the state. The allocations are reviewed by the WIB/GB.

B. Special Projects Funding

Special project funding is periodically received. The special funding is distributed in accordance with the proposal for funding and negotiations between the State, the AE, and the service provider. Distribution can be determined on a needs basis. The WIB may receive a different percentage for the administrative charge under special projects funding.

VIII. PROPERTY MANAGEMENT PROCEDURES

Please see the NCCC property management policy statement for further information regarding property management.

A. There are two categories of property:

1. Expendable Property - This includes office, janitorial, and other supplies and minor items of equipment including tools having an original purchase price under \$5,000 per item and a usable life of less than two years.
2. Nonexpendable Property - This includes property purchased with an original unit cost of \$5,000 or more. It is complete in itself and is not consumed; it does not lose its identity or become a permanent component part of another asset when placed in use, and it has a useful life of two years or more.

B. Property Records

1. Property records shall include:
 - a. Acquisition date;
 - b. Description of the item;

- c. Manufacturer's name;
- d. Model;
- e. Serial number;
- f. Unit acquisition cost (unit acquisition cost for inventory purposes does not include tax, installation, or transportation costs);
- g. Inventory tag number; and
- h. Disposition date of property (if applicable).

C. Records Retention/Reporting

All property records will be maintained for a period of three years after final disposition.

1. The Fiscal Officer will keep copies of all procurement documentation and property authorizations (i.e., authorizations received from the state to NCCC and authorizations given to the primary service providers by the AE).
2. The Contracts Officer will maintain the NCCC perpetual inventory (service providers and AE) and will conduct an annual physical inventory of all NCCC property.
3. The Fiscal Officer will maintain the actual AE purchase documentation (i.e., check, purchase voucher authorization, invoice, vendors list, cost/price/quality analysis, etc.).

D. Property Disposal

1. Property shall be disposed of only in accordance with state policy. All requests for state disposition approval shall first be approved in writing by NCCC.
2. Lost, stolen or damaged property and property records shall similarly be governed by state policy. All notices to the EDD shall be delivered through NCCC.

E. Annual Inventory

1. Each NCCC service provider shall conduct an annual property inventory in accordance with NCCC policy. Inventory information shall be submitted by each service provider to NCCC on June 1 of each year. Annual on-site monitoring visit will be conducted by NCCC to ensure the accuracy of the service providers' inventory. The following information shall be shown on the inventory sheets:
 - a. Agency's name, address, and agreement number;
 - b. Date of inventory;
 - c. Signature of the administrator certifying to the accuracy of the inventory;
 - d. Location of property;
 - e. Description of item (e.g. typewriter);
 - f. Manufacturer's name;
 - g. Model;
 - h. Serial number;
 - i. Inventory tag number;
 - j. Unit acquisition cost and date (for inventory purposes, unit acquisition cost does not include tax, installation, and or transportation costs).
 - k. Use;
 - l. Condition;
 - m. Funding Source (WIA title and program year of funding);
 - n. Who holds title; and
 - o. The WIA share of ownership (if jointly funded).

F. Equipment/Property Check-Out/Check-In Procedures

The Executive Assistant will maintain a check-out/check-in log for all equipment/property that is to be utilized off-site for the conduct of NCCC business by NCCC staff members, WIB and Governing Board members, and all other authorized NCCC representatives. The check-out/check-in log must contain the following information:

1. Name and capacity (WIB/Governing Board/staff/etc.) of person checking out/checking in item(s);
2. Description of the equipment/property item(s);
3. NCCC WIA inventory tag number of item(s), as appropriate;
4. Signature of person checking out/checking in item(s); and
5. Date of check-out/check-in.

G. Receiving Procedures

1. The Executive Assistant will receive all items delivered to the AE.

2. The Executive Assistant will match the packing list with the items received, noting any discrepancies in packing or on the original purchase request.
3. The packing list will be attached to the statement or invoice, when paid.
4. The Contracts Officer will add the item(s) to the inventory, as appropriate.

H. Office Supplies

1. The Executive Assistant will be responsible for ensuring that adequate office supplies are kept on hand. Any staff member may advise the Executive Assistant of a particular need.
2. Before placing an order, the Executive Assistant will develop a list of needed supplies and check with other staff members concerning the need for additional items.
3. The Fiscal Officer will verify that there are adequate funds to make the purchase, and approve the list of needed supplies.

I. Authorization

The NCCC WIB/GB will review and approve the annual NCCC AE and WIB/GB budgets, including line-items for property purchases. Thereafter, the WIB/GB authorizes any increases and decreases in the total budget amounts. From time to time the NCCC WIB/GB may also authorize special purpose expenditures which may include property purchases.

1. After the initial approval of the annual budgets, the GB will review modifications to the line items and authorize property expenditures in excess of \$50,000 per unit.
2. The AE will review and approve NCCC subcontractor property expenditures with an anticipated purchase price in excess of \$5,000.
3. From time to time, the NCCC AE will be authorized to expend up to a specified maximum dollar amount on property items or services to fulfill NCCC administrative or program needs. When such "blanket" authorizations are given, individual items and services do not require individual GB approval.
4. From time to time, the NCCC GB will authorize the receipt of funding for special projects that include procurement of property or services. When such "blanket" authorizations are given, individual items and services do not require individual GB approval.
5. The WIB/GB are routinely informed of all AE expenditures at their regularly scheduled meetings.
6. The WIB/GB will be informed of all NCCC subcontractor expenditures in excess of \$50,000 at their regularly scheduled meetings.

7. All AE purchases must be authorized by the NCCC Executive Director, based on need, appropriateness, and price.
8. The NCCC Fiscal Officer is responsible for advising the Executive Director that adequate funds are available before a purchase is made.

IX. STATE AND FEDERAL FINANCIAL REPORTING

NCCC service providers report their expenditures under NCCC cost reimbursement contracts on a monthly basis. These reports are due to NCCC 15 days after the end of the preceding month.

NCCC does not maintain the books of original entry for service provider expenditures. Therefore, its role in the state and federal expenditure reporting process is to roll up service provider expenditures. After service provider expenditure reports are received, the Fiscal Officer accumulates service provider expenditures, adds in the NCCC AE and WIB/GB expenditures and reports the combined amounts to the grantor on the proscribed reporting forms.

COST ALLOCATION PLAN

A. WIA Cost Principles

WIA legislation and regulations, as well as OMB circulars and state directives contain specific guidance regarding how specific items of cost should be treated for WIA purposes. These references will be used by the Fiscal Officer to determine how specific cost items should be treated for WIA purposes.

B. WIA Cost Allocation

WIA funding is separated into numerous individual "Titles" (Adult, Youth, Dislocated Worker, etc.) Each title is tracked and reported separately. Service providers allocate their costs and report those allocations as part of the WIA monthly expenditure reporting process. The procedures for allocating NCCC's AE costs are described below.

With the exception of charges which can be specifically identified as benefiting one specific program, NCCC AE costs are accumulated in the NCCC Administrative cost pool. These costs are then distributed among the benefiting WIA titles on the basis of benefits received.

The method for distribution of the administrative cost pool is as follows. On a monthly basis, NCCC service provider WIA expenditures are accumulated by title. Time distribution is documented for cost pooling allocation purposes.

As mentioned above, certain special funding requires direct charging of expenditures. In those cases, the Fiscal Officer will specifically identify charges to that

funding source. This will be done by staff reporting of time spent on that funding source and the specific identification of costs associated with that funding source.

WIA funds also require the tracking of by year of allocation. The assignment of costs by year of allocation is done using the first in first out (FIFO) methodology.

C. WIA Cost Classification

In addition to tracking by individual funding title, WIA reporting requirements mandate that all costs be charged to a WIA cost category. Service providers classify their costs under NCCC cost reimbursement contracts and report those classifications as part of the monthly expenditure reporting process.

In most cases all NCCC AE costs are charged to the administrative cost category under WIA. Occasionally, special funding is received that specifically defines the service activities as some other category, e.g., Rapid Response. In those cases, the appropriate cost category is used and reported to the funding source.

The Fiscal Officer will review charges on a monthly basis to make sure that all charges to WIA are allowable and charged to the proper title, cost category and year of allocation.

X. FISCAL MONITORING OF SERVICE PROVIDERS

The AE monitors service providers in two ways; desk reviews and on-site monitorings. Desk reviews are conducted on an on-going basis. On-site fiscal monitorings are conducted once a year, more often as necessary.

A. Desk Reviews

1. Cash Requests – Weekly monitoring of cash requested and fund balances available. Confirmation forms are reviewed by the Fiscal Officer and compared to cash disbursed. If there are any discrepancies, the Fiscal Officer resolves them with the service provider. The Fiscal Officer also informally reviews for unusual patterns of cash requested. Copies of the forms are maintained in the disbursement summary binder.
2. Expenditures – Service providers submit monthly expenditure reports as noted above. The Fiscal Officer reviews the reports for consistency with cash requests and to determine whether the service provider has maintained excess cash. In the event there is excess cash, based on the amount of excess the Fiscal Officer will contact the service provider to determine cause and to determine whether or not funds must be returned.
3. Total Expenditure Rates – Based on the service provider’s quarterly expenditure reports, the Fiscal Officer reviews the reports to determine whether funds

for each title are being expended at a reasonable rate. If the service provider is under or over expended in excess of 10% of the standard (established as 25% of the total allocation per quarter of contract period) the provider will be contacted concerning the expenditure rate. Formal action is not normally taken on expenditure rate non-compliance in the first quarter of a contract. If there is under or over expenditure in the second and third quarters, the service provider will submit a corrective action plan to the NCCC. At any time, based on the corrective action plan submitted, funds may be recaptured and reallocated or the service provider may be allowed to retain funding through contract termination. The AE reviews monthly expenditures and reviews and accepts the corrective action plans.

4. Cost Category Expenditure Rates – Based on the monthly expenditure reports, the Fiscal Officer determines whether cost category expenditures (admin., training, support, etc.) are in conformance with contract requirements. If the service provider is under or over expended the provider will be contacted concerning the expenditure rate. Formal action is not normally taken on under or overexpenditures in the first quarter of a contract. If there is under or over expenditure in the second and third quarters, the service provider will be contacted and will submit a corrective action plan to NCCC. As of the third quarter, based on the corrective action plan submitted, funds may be recaptured and reallocated or cost category expenditure authorizations may be frozen, or the service provider may be allowed to retain funding through contract termination. The AE reviews and accepts the corrective action plans.

B. Audits

Each service provider submits an annual audit to NCCC. The Fiscal Officer reviews the audit for consistency with NCCC records (funds disbursed, expenditures reported, cost categories, etc.) and NCCC/WIA audit requirements.

C. On-Site Reviews

Service providers are monitored on-site once a year. The primary purpose of the on-site review is to review and evaluate the accounting system, fiscal policies, and fiscal procedures being used by the service providers. As appropriate, the monitoring includes a review of the following areas: separation of duties; cash management; cost allocation plans; management of contracts; general fund/contract expenditure limitations; procurement; and compliance with other NCCC and state/federal reporting and record keeping requirements.

As part of the review, the Fiscal Officer interviews staff, reviews for contract and payment compliance, reviews Board minutes, reviews written policies and procedures, and reviews fiscal files, documentation and reports.

Program monitoring includes a review of participant eligibility and equipment purchases and inventory records.

Written monitoring guides are used. The service provider receives a copy of the monitoring guide prior to the on-site review. The monitoring guide is updated as needed.

Upon completion of the on-site review (usually within 30 days), a monitoring letter is forwarded to the service provider noting any areas of non-compliance. The service provider is given an opportunity to clarify or correct the findings. As appropriate, a corrective action response may be required (usually due within 30 days or at NCCC request). In instances where a finding may lead to a disallowed cost, the finding is handled on a case-by-case basis, to determine how payback will be effected.

On a quarterly basis, the WIB/GB are informed of all monitorings and all substantial findings.

Copies of the monitoring letter, the backup documentation, and the service provider response are kept in a monitoring binder.

XI. RECORDS RETENTION

Accounting records and documentation will be retained in accordance with contract requirements. When there is no specific contract requirement or when contract requirements are less restrictive than the NCCC policy, the following will prevail.

All accounting records and documentation will be retained for a minimum of three years from the expiration date of the contract or until acceptance of the final audit for the contract, whichever is greater. If at the end of the retention period there is an unresolved audit or ongoing litigation involving those records, the records will be retained until resolution is reached.

All nonexpendable property records will be retained for three years from the date of final disposition of the property.

Only the Executive Director may authorize removal/destruction of accounting records and documentation.

Any accounting records removed shall be done in such a manner as to assure confidentiality of sensitive information.

XII. AUDITS AND AUDIT RESOLUTION PROCEDURES

NCCC is required to submit an annual OMB A-133 audit, with additional WIA compliance reports, to its cognizant agency (State of California Controller's Office) within 30

days after receipt of the final audit or by March 31st of the following program year, whichever is sooner. Primary service providers are required to submit an annual OMB A-133 audit with additional NCCC and WIA compliance reports to NCCC within 30 days of completion of the audit or twelve months after the end of the program year being audited, whichever is sooner.

A. NCCC Audits

1. Audits

- a. NCCC will procure audits in conformance with the NCCC Procurement Procedure.
- b. The Executive Director will authorize and execute auditing contracts or letters of agreement.
- c. The Fiscal Officer will primarily be responsible for working with the auditors and assuring that audit reports are submitted on a timely basis.
- d. The Fiscal Officer will approve the final report and provide any necessary responses to findings or recommendations.
- e. The GB will review the final audit report.

NCCC audits will be reviewed by the State Controller's Office and by appropriate funding sources. In the event they have any questions, findings, or disallowances as a result of the audit report, NCCC will follow their resolution process. The Fiscal Officer will primarily be responsible for working with the auditor and the funding sources to resolve audit issues.

2. Audit Plans

Some funding sources require that NCCC submit an audit plan report, prior to completion of the audit, the format, the forms, and the due date are determined by the funding source. The Fiscal Officer is primarily responsible for assuring that forms are completed and submitted to the funding source on a timely basis.

B. Service Provider Audit Review

NCCC will review service providers' audits for compliance and report any findings to the state EDD monitor.