

Central Missouri Community Action

Accounting & Financial Policies and Procedures Manual

Effective Date(s) of Accounting Policies

The effective date of all accounting policies described in this manual is January 1, 2015. If a policy is added or modified subsequent to this date, the effective date of the new/revised policy will be indicated in the upper right hand corner following the policy heading.

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INTRODUCTION

The following accounting manual is intended to provide an overview of the accounting policies and procedures for Central Missouri Community Action, which shall be referred to as “CMCA” or “the Agency” throughout this manual.


Central Missouri Community Action is incorporated in the state of Missouri. CMCA is exempt from Federal income taxes under IRC Section 501(c)(3) as a nonprofit corporation. Central Missouri Community Action’s tax-exempt mission is:

Empowering Individuals and Families to Achieve Self-Reliance.

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

The contents of this manual were approved as official policy of the Agency by the Board of Directors, Executive Director and Finance Director. All CMCA staff, volunteers and Board members are bound by the policies herein, and any deviation from established policy is prohibited.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: AGENCY STRUCTURE</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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I. GENERAL POLICIES

A. AGENCY STRUCTURE

The Role of the Board of Directors

Central Missouri Community Action is governed by its Board of Directors, which is responsible for the oversight of the Agency by:

1. Planning for the future
2. Establishing broad policies, including financial and personnel policies and procedures
3. Approving grant applications
4. Reviewing and approving the annual audit
5. Reviewing financial information
6. Identifying and proactively dealing with emerging issues
7. Advocating the Agency's mission to the public
8. Soliciting prospective contributors
9. Hiring, terminating, evaluating, and working with the Executive Director
10. Establishing and maintaining programs and systems designed to ensure compliance with terms of contracts and grants
11. Overseeing the management of all bank accounts and authorizing check signers on the accounts.

The Executive Director shall be responsible for the day-to-day oversight and management of Central Missouri Community Action.

Committee Structure

The Board of Directors shall form committees in order to assist the Board in fulfilling its responsibilities. These committees are responsible for the review of particular programs and providing recommendations to the full Board. Standing Board-level committees of CMCA consist of the following:

1. Executive Committee
2. Finance Committee
3. Audit Committee
4. Investment Committee
5. By-Laws Committee
6. Training/Membership Committee
7. Personnel Committee
8. Strategic Planning Committee

9. CHDO Committee
10. Equal Opportunity Committee
11. Fundraising Committee
12. Microloan Committee

See the Agency's by-laws for Board and Committee details. However, roles of committees with direct responsibilities for the financial affairs of the Agency 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 CMCA. Functions of the Finance Committee include:

1. Review and recommendation of the Agency's annual budget (prepared by the staff) for final approval by the full Board
2. Long-term financial planning
3. Evaluation and approval of purchasing facilities and/or property
4. Monitoring of actual vs. budgeted financial performance
5. Oversight of reserve funds
6. Review of financial procedures

The review of the Agency's financial statements shall not be limited to the Finance Committee, but shall involve the entire Board of Directors.

Audit Committee Responsibilities

The Audit Committee hires an independent CPA firm and communicates directly with the CPA firm for an annual audit, as described in the Agency's by-laws. The Audit Committee shall review and approve the final audited financial statements, and any other communications received from the auditor regarding internal controls, illegal acts, or fraud.


The Audit Committee also serves as the primary point of contact for any employee who suspects that fraud has been committed against the Agency or by one of its employees or Board members.

The Audit 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. The Deputy Director is responsible for hiring and evaluating the Finance Director and IT Director. The Director is responsible for hiring and evaluating the Executive Assistant, Human Resource Director, and Program Directors within the Leadership Team for each of the Agency's departments

Program Directors or designee are responsible for hiring employees to work in their department.. Employees within a department shall report directly to their supervisor, who shall be responsible for managing and evaluating all employees within the department. The Program Director will ensure all employees are managed and evaluated.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: ACCOUNTING DEPARTMENT OVERVIEW</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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B. ACCOUNTING DEPARTMENT OVERVIEW

Agency

The accounting department consists of staff that manages and processes financial information for CMCA. The following positions comprise the accounting department:

- Finance Director
- Financial Operations Specialist
- Accounting Associate

Other officers and employees of CMCA who have financial responsibilities are as follows:

- Executive Director
- Deputy Director
- Executive Assistant
- Program Directors
- Human Resources Department
- Board Committees- Audit Committee, Executive Committee, Finance Committee
- Treasurer of Board
- Full Board of Directors
- This includes designees

Responsibilities

The primary responsibilities of the accounting department consist of:


- General ledger
- Budgeting
- Cash and investment management
- Asset management
- Retain custody of original grants and contracts, including monitoring reports
- Purchasing
- Accounts receivable and billing
- Cash receipts
- Accounts payable
- Cash disbursements
- Payroll and benefits
- Financial statement processing
- External reporting of financial information
- Bank reconciliation
- Reconciliation of subsidiary ledgers
- Compliance with government reporting requirements

- Annual audit
- Leases
- Insurance

Standards for Financial Management Systems

In accordance with OMB Circulars, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Agencies*, found at www.omb.gov, CMCA maintains a financial management system that provides for the following standards. Specific procedures to carry out these standards are detailed in the appropriate sections of this manual.

1. Accurate, current, and complete disclosure of the financial results of each Federally-sponsored project or program in accordance with the reporting requirements of OMB Circulars 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. CMCA shall adequately safeguard all such assets and ensure 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 CMCA 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, allocability 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.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: BUSINESS CONDUCT</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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C. BUSINESS CONDUCT

Practice of Ethical Behavior

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

Each Agency representative (employee, volunteer, Board member, policy council member) must apply his/her own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. Each employee is responsible for applying 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 CMCA 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 within the Agency 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 Agency representative should be able to answer "yes" to all of these questions before taking action. Companies who enter into contracts and therefore become sub-contractor of CMCA shall be considered an Agency representative.


Each director, manager and supervisor is responsible for the ethical business behavior of his/her subordinates. Directors, managers and supervisors must carefully weigh all courses of action suggested in ethical, as well as economic terms, and base their final decisions on the guidelines provided by this policy, as well as their personal sense of right and wrong.

Compliance with Laws, Regulations, and Agency Policies

Central Missouri Community Action 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;
- The disregard or circumvention of CMCA policy or engagement in unethical dealings.

Agency representatives should not attempt to accomplish by indirect means, through agents or intermediaries, that which is directly forbidden. The performance of all levels of Agency representatives will be measured against implementation of the provisions of these standards.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: CONFLICTS OF INTEREST</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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D. CONFLICTS OF INTEREST

Introduction

In serving the agency all agency representatives must act solely in the interests of the Agency, not in their personal interests or in the interests of others.

The persons covered under this policy shall hereinafter be referred to as “interested persons.” Interested persons include all members of the Board of Directors and all employees, as well as persons with the following relationships to directors or employees (but not limited to):

1. Spouses or domestic partners
2. Parent of child
2. Brothers and sisters
3. Parents, In-laws, children and grandchildren
4. Spouses of individuals listed in 2 and 3
5. Comparable step relations
6. Corporations, partnerships, limited liability companies (LLCs), and other forms of businesses in which an employee or director, either individually or in combination with individuals listed in 1, 2, 3, or 4, collectively possess a [1%] or more ownership or beneficial interest.

Conflicts of interest arise when the interests of an interested party may be seen as competing with those of the Agency. Conflicts of interest may be financial (where an interested party benefits financially directly or indirectly) or non-financial (e.g., seeking preferential treatment, using confidential information).

In the course of business, situations may arise in which an Agency decision-maker has a conflict of interest, or in which the process of making a decision may create an appearance of a conflict of interest.

All Agency representatives have an obligation to:

1. Avoid conflicts of interest, or the appearance of conflicts, between their personal interests and those of the Agency in dealing with outside entities or individuals,
2. Disclose real and apparent conflicts of interest to the Board of Directors’ Audit Committee.
3. Refrain from participation in any decisions on matters that involve a real conflict of interest or the appearance of a conflict.

What Constitutes a Conflict of Interest?

A conflict of interest arises when an interested person involved in making a decision is in the position to benefit, directly or indirectly, from his/her dealings with the Agency or person conducting business with the Agency.

Examples of conflicts of interest include, but are not limited to, situations in which an interested person:

1. Negotiates or approves a contract, purchase, lease or sale on behalf of the Agency and has a direct or indirect interest in, or receives personal benefit from, the entity or individual providing or receiving the goods or services;
2. Employs or approves the employment of, or supervises a person who is an immediate family member of the director or employee;
3. Sells products or services in competition with the Agency;
4. Uses the Agency's facilities, other assets, employees, or other resources for personal gain;
5. Receives a substantial gift from a vendor, if the interested person is responsible for initiating or approving purchases from that vendor.
6. A potential conflict of interest exists when the interested person, or his/her immediate family or household member owns/receives more than 1% of the benefiting business/profit. See the Employee Handbook, Section II:B: Hiring Policies for the definition of immediate family.

Disclosure Requirements

Agency representatives who believe that s/he may be perceived as having a conflict of interest in discussion or decision must disclose that conflict to the group making the decision. Most concerns about conflicts of interest may be resolved and appropriately addressed through prompt and complete disclosure. If a conflict arises during the year, the employee or Board member will immediately notify the Executive Director who will determine appropriate resolution.

Resolution of Conflicts of Interest

All real or apparent conflicts of interest shall be disclosed to the Audit Committee and the Executive Director of the Agency. Conflicts shall be resolved as follows:

- The Audit Committee shall be responsible for making all decisions concerning resolutions of conflicts involving directors, the Executive Director, and other members of senior management.
- The Chair of the Committee shall be responsible for making all decisions concerning resolutions of conflicts involving Audit Committee members.
- The Chair of the Board shall be responsible for making all decisions concerning resolutions of the conflict involving the Chair of the Audit Committee.
- The Executive Director shall be responsible for making all decisions concerning resolutions of conflicts involving employees below the senior management level, subject to the approval of the Audit Committee.

An Agency representative may appeal the decision that a conflict or the appearance of conflict exists as follows:

- An appeal must be directed to the Chair of the Board.
- Appeals must be made in writing within 30 days of the initial determination.
- Resolution of the appeal shall be made by vote of the full Board of Directors.
- Board members who are the subject of the appeal, or who have a conflict of interest with respect to the subject of the appeal, shall abstain from participating in, discussing, or voting on the resolution, unless their discussion is requested by the remaining members of the Board.

Disciplinary Action for Violations of this Policy


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 Agency 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 his/her 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 director, manager or supervisor who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

A Board member who violates this policy will be removed from the Board.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: POLICY ON SUSPECTED MISCONDUCT</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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E. POLICY ON SUSPECTED MISCONDUCT

Introduction

This policy communicates the actions to be taken for suspected misconduct committed, encountered, or observed by employees and volunteers.

Like all organizations, CMCA faces many risks associated with fraud, abuse, and other forms of misconduct. The impact of these acts, collectively referred to as misconduct throughout this policy, may include, but are not limited to:

- Financial losses and liabilities
- Loss of current and future revenue and customers
- Negative publicity and damage to the Agency's public image
- Loss of employees and difficulty in attracting new personnel
- Deterioration of employee morale
- Harm to relationships with clients, contractors, bankers, and subcontractors
- Litigation and related costs of investigations, etc.

Our Agency is committed to establishing and maintaining a work environment of the highest ethical standards. Achievement of this goal requires the cooperation and assistance of every employee and volunteer at all levels of the Agency.

Definitions

For purposes of this policy, misconduct includes, but is not limited to:

1. Actions that violate the Agency's Code of Conduct (and any underlying policies) or any of the accounting and financial policies included in this manual
2. Fraud (see below)
3. Forgery or alteration of checks, bank drafts, documents or other records, including electronic records
4. Destruction, alteration, mutilation, or concealment of any document or record with the intent to obstruct or influence an investigation, or potential investigation, carried out by a department or agency of the Federal government or by the Agency in connection with this policy
5. Disclosure to any external party of proprietary information or confidential personal information obtained in connection with employment with or service to the Agency
6. Unauthorized personal or other inappropriate non-business use of equipment, assets, services, personnel or other resources
7. Acts that violate Federal, state, or local laws or regulations

8. Accepting or seeking anything of material value from contractors, contractors, or persons providing goods or services to CMCA. Exception: gifts less than a nominal value, i.e. \$200 or less
9. Impropriety of the handling or reporting of money in financial transactions
10. Failure to report known instances of misconduct in accordance with the reporting responsibilities described herein, including tolerance by supervisory employees of misconduct of subordinates

Fraud is further defined to include, but not be limited to:

- Theft, embezzlement, or other misappropriation of assets, including assets of or intended for the Agency, as well as those of our clients, subcontractors, contractors, contractors, suppliers, and others with whom the Agency has a business relationship.
- Intentional misstatements in the Agency's records, including intentional misstatements of accounting records or financial statements
- Authorizing or receiving payment for goods not received or services not performed
- Authorizing or receiving payments for hours not worked
- Forgery or alteration of documents, including but not limited to checks, timesheets, contracts, purchase orders, receiving reports

Central Missouri Community Action prohibits each of the preceding acts of misconduct on the part of employees, officers, executives, volunteers and others responsible for carrying out the Agency's activities.

Reporting Responsibilities

Every employee, officer, and volunteer is responsible for immediately reporting suspected misconduct to their supervisor, Finance Director, or the Chair of the Audit Committee. When supervisors have received a report of suspected misconduct, they must immediately report such acts to their Director, the Finance Director or the Audit Committee.

The Agency has a toll free telephone hotline number that can be accessed 24 hours per day to report suspected misconduct. That number is 1-800-706-1742, ext. 1254.

Whistleblower Protection

The Agency will consider any reprisal against a reporting individual an act of misconduct subject to disciplinary procedures. A "reporting individual" is one who, in good faith, reported a suspected act of misconduct in accordance with this policy, or provided to a law enforcement officer any truthful information relating to the commission or possible commission of a Federal offense or any other possible violation of the Agency's code of conduct.

Investigative Responsibilities

Due to the sensitive nature of suspected misconduct, supervisors and managers should not, under any circumstances, perform any investigative procedures.

The Finance Director has the primary responsibility for investigating suspected misconduct involving employees below the Executive Director and Leadership Team level. The Finance Director shall provide a summary of all investigative work to the Audit Committee.

The Audit Committee has the primary responsibility for investigating suspected misconduct involving Executive Director and Leadership Team positions, as well as Board members and officers. However, the Audit Committee may request the assistance of the Finance Director in any such investigation.

Investigation into suspected misconduct will be performed without regard to the suspected individual's position, length of service, or relationship with the Agency.

In fulfilling its investigative responsibilities, the Audit Committee and the Finance Director shall have the authority to seek the advice and/or contract for the services of outside firms, including but not limited to law firms, CPA firms, forensic accountants and investigators, etc.

Members of the investigative team, as authorized by the Audit Committee, shall have free and unrestricted access to all Agency records and premises, whether owned or rented, at all times. They shall also have the authority to examine, copy and remove all or any portion of the contents (in paper or electronic form) of filing cabinets, storage facilities, desks, credenzas and computers without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of an investigation into suspected misconduct or related follow-up procedures.

The existence, the status or results of investigations into suspected misconduct shall not be disclosed or discussed with any individual other than those with a legitimate need to know in order to perform their duties and fulfill their responsibilities effectively.

Protection of Records – Federal Matters

Central Missouri Community Action prohibits the knowing destruction, alteration, mutilation, or concealment of any record, document, or tangible object with the intent to obstruct or influence the investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States government, or in relation to or contemplation of any such matter or case.

Violations of this policy will be considered violations of the Agency's Code of Conduct and subject to the investigative, reporting, and disclosure procedures described earlier in this Policy on Suspected Misconduct.

Disciplinary Action

Based on the results of investigations into allegations of misconduct, disciplinary action may be taken against violators. Disciplinary action shall be coordinated with appropriate representatives from the Human Resources Department. The seriousness of misconduct will be considered in determining appropriate disciplinary action, which may include:

- Reprimand
- Probation
- Suspension
- Demotion
- Termination
- Reimbursement of losses or damages
- Referral for criminal prosecution or civil action

This listing of possible disciplinary actions is for information purposes only and does not bind the Agency to follow any particular policy or procedure.

Confidentiality

The Audit Committee and the Finance Director treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Finance Director or the Audit Committee Chair immediately, and should not attempt to personally conduct investigations or

interviews/interrogations related to any suspected fraudulent act (see **Reporting Procedures** section above).

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. 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 CMCA from potential civil liability.

An employee who discovers or suspects fraudulent activity 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 Audit 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 CMCA legal counsel or the Audit Committee.

Disclosure to Outside Parties

Allegations of and information related to allegations of suspected misconduct shall not be disclosed to third parties except under the provisions described in this policy, such as disclosure to outside investigators hired by the Agency to aid in an investigation.

However, all known frauds involving the Executive Director, Leadership Team or members of the Board of Directors, as well as all material frauds involving employees below the senior management level, shall be disclosed by the Audit Committee to the Agency's external auditors.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: SECURITY</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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F. SECURITY

Accounting Department

An access lock will be maintained on the door leading into the CMCA Accounting Department. This door shall be closed and locked in the evenings and whenever the Accounting Department is vacant. An access code to this lock will be provided to key accounting personnel, and other personnel as approved by the Executive Director. Whenever any of these individuals leaves the employment of Central Missouri Community Action, their respective access codes will be terminated.

Central Missouri Community Action's corporate seals and blank check stock shall be stored in a fireproof file cabinet in the Accounting Department. This cabinet will be locked with a key that is kept in the Accounting Department. Access to this file cabinet shall be by keys in the possession of the Finance Director and key accounting personnel.

Access to Electronically Stored Accounting Data

Central Missouri Community Action utilizes passwords to restrict access to accounting software and data. Only duly authorized personnel with data input responsibilities will be assigned passwords that allow access to the system.

Authorized personnel are expected to keep their passwords confidential. Administration of passwords shall be performed by a responsible individual independent of programming functions.

Each password enables a user to gain access to only those software and data files necessary for each employee's required duties. On an annual basis, CMCA performs a review of accounting software users to ensure they have the appropriate access levels. Unnecessary access will be rescinded.

Storage of Back-Up Files

Central Missouri Community Action maintains back-up copies of electronic data files in order to provide disaster recovery and system restoration capabilities for critical organization data. Access to back-up files shall be limited to individuals authorized by management.

The Agency also maintains a redundant server off-site in a secure location approximately 30 miles from its central data center and annually schedules a test of its capability to restore from backup media.

System and data files are backed up according to the following schedule:

1. Nightly incremental backups of all production and data servers are run at 11:00PM.
2. Semi-monthly full backups of all production and data servers are to run on the 1st and 15th of each month.
3. .

Encryption keys (required for accessing the encrypted backup data) are retained by the IT Director and Systems Administrator. CMCA recognizes that encryption key security is a critical element in the security of backup data stored in off-site locations. Access to the encryption key and backup files shall be limited to individuals authorized by management. The following staff members have access to encrypted backup data:

1. Systems Administrator
2. Director of Information Technology

Storage of Sensitive Data

In addition to accounting and financial data stored in the Accounting Department, other sensitive data, such as social security numbers of employees or clients, etc. may be stored in areas other than the Accounting department, such as in program or Human Resources offices. Therefore, the Agency:

1. Minimizes the storage of sensitive data outside the Accounting Department by shredding documents with such data or deleting the sensitive data from documents that are stored outside the Accounting Department whenever possible; and
2. Requires that all sensitive data that is stored in areas other than the Accounting Department be secured in a locked environment.


Further, the Agency restricts access to sensitive data to Agency employees with a legitimate need for such access. The Agency also requires employees to claim print jobs which contain sensitive information immediately upon printing.

Destruction of Consumer Information

As stated earlier, all sensitive data must be securely stored and shredded when no longer needed. Central Missouri Community Action also shreds all consumer information obtained by the Agency for any reason, for example, credit reports for program participants or home loan recipients. Shredding will be performed on a schedule determined by each department that possesses such data and the schedule shall be made a part of the Record Retention policy (see the "Fiscal Management" policies section of this manual). This policy is based upon the Fair and Accurate Credit Transaction Act of 2003 (FACTA) effective June 1, 2005.

General Office Security

During normal business hours, all visitors are required to sign in with the receptionist.s. Keys or passcodes are issued only to employees of CMCA, or individuals authorized by the Deputy Director. Doors to the Agency facilities will be locked after normal working hours. (See Employee Handbook for full policy).

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: GENERAL LEDGER AND CHART OF ACCOUNTS</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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G. GENERAL LEDGER AND CHART OF ACCOUNTS

The general ledger is the collection of all asset, liability, net assets, revenue and expense accounts. It is used to accumulate all financial transactions and is supported by subsidiary ledgers that provide details for certain accounts. The general ledger is the foundation for the accumulation of data and production of reports.

Chart of Accounts Overview

The chart of accounts is the framework for the general ledger system and the basis for the 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.

Central Missouri Community Action's chart of accounts is comprised of six types of accounts:

1. Assets
2. Liabilities
3. Net Assets
4. Revenues
5. Expenses
6. Gains and Losses

Each entry into the agencies accounting system will consist of the following segment structure;

<i>The chart of accounts may be built on a table-driven segment structure.</i>	
• <i>Fund Number</i>	<i>2 characters</i>
• <i>Grant number</i>	<i>2-8 characters – alpha and numeric</i>
• <i>General ledger code</i>	<i>4-5 characters</i>
• <i>Program code</i>	<i>2-5 characters</i>
• <i>FAS 117</i>	<i>1 numeric character</i>
<i>1-unrestricted</i>	
<i>2-temp restricted</i>	
<i>3-permently restricted</i>	
• <i>Location code</i>	<i>4-6 characters</i>

Distribution of Chart of Accounts

All CMCA employees involved with account 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.

Control of Chart of Accounts

The Finance Director monitors and controls the chart of accounts, including all account maintenance, such as additions and deletions. Any additions or deletions of accounts should be approved by the Finance Director, who ensures that the chart of accounts is consistent with the Agency structure of CMCA and meets the needs of each department.

Account Definitions

General Ledger

Account Range

0100 - 1099

Category

Assets

Definition

Assets are probable future economic benefits obtained or controlled by the Agency as a result of past transactions or events. Assets 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.

Fixed assets (property and equipment) are tangible assets with a useful life of more than one year that are acquired for use in the operation of the Agency 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.

1100 – 1499

Liabilities

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

Current liabilities are probable sacrifices 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 sacrifices 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.

2000 – 2100A	Net Assets	Net Assets is the difference between total assets and total liabilities.
1500 - 1899	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 Agency's ongoing major or central operations. Revenues include grants received from government agencies, private foundations and corporations, and contributions received from donors.
3000 - 9999	Expenses	Expenses are outflows or other activities using assets, or incurrence of liabilities from delivering or producing goods, rendering services, or carrying out other activities that constitute CMCA's ongoing major or central operations.
2500	Gains and Losses	<p><u>Gains</u> are increases in net assets from peripheral or incidental transactions and from all other transactions and other events and circumstances affecting the Agency except those that result from revenues.</p> <p><u>Losses</u> are decreases in net assets from peripheral or incidental transactions and from all other transactions and other events and circumstances affecting the Agency except those that result from expenses.</p> <p>Gains or losses occur when CMCA sells a fixed asset or writes off as worthless a fixed asset with remaining book value.</p>

Changes to the Chart of Accounts

The Finance Director shall approve additions to, deletions from, or any other changes to the standard chart of accounts.

Fiscal Year of Agency

Central Missouri Community Action shall operate on a fiscal year that begins on October 1st and ends on September 30th. Any changes to the fiscal year of the Agency must be ratified by majority vote of CMCA's Board of Directors.

Accounting Estimates

Central Missouri Community Action utilizes numerous estimates in the preparation of its interim and annual financial statements. Some of those estimates include:

1. Useful lives of property and equipment
2. Fair market values of investments
3. Fair market values of donated assets
4. Values of contributed services
5. Joint cost allocations
6. Allocations of certain indirect costs
7. Allocations of time/salaries

The Finance Director will reassess, review, and approve all estimates yearly. All key conclusions, bases, and other elements associated with each accounting estimate shall be documented in writing. All material estimates, and changes in estimates from one year to the next, shall be available to the Finance Committee, the Audit Committee, and the external audit firm.

Journal Entries

All general ledger entries that do not originate from a subsidiary ledger shall be supported by journal vouchers or other documentation, including an explanation of each such entry. Examples of such journal entries are:


1. Recording of non-cash transactions
2. Corrections of posting errors
3. Nonrecurring accruals of income and expenses

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. Accruals of recurring expenses
4. Amortization of deferred revenue

Recurring journal entries shall be supported by a schedule associated with the underlying asset or liability account or, in the case of short-term recurring journal entries or immaterial items, a journal voucher.

All journal entries not originating from subsidiary ledgers shall be authorized in writing by the Finance Director or designee, by initialing or signing the entries.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: REVENUE</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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II. POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS

A. REVENUE

Revenue Recognition Policies

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

1. **Grant income** - Monthly accrual based on incurrence of allowable costs for cost-reimbursement awards or based on other terms of the award for fixed price, unit-of-service, and other types of awards.
2. **In-Kind Contributions** – Recognized as income when received. (See below the section titled “Cost Sharing and Matching”).
3. **Program Income** – May include refunds and other applicable credits, and is recognized as a reduction in expenditures in the period in which it is received.
4. **Nongovernmental Cash Contributions** - Recognized as income when received, unless accompanied by restrictions or conditions (see the next section on contribution income).
5. **Fee for Service Income** - Income from private sources for services received. Recognized as income when services are rendered unless collection of amounts due is in question. In this case, revenue is recognized when payments are received.

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 Finance Director.

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 Agency, or a settlement or cancellation of the Agency’s liabilities, in a voluntary nonreciprocal transfer by another entity or individual.

Condition – A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promiser a right of return of the assets it has transferred to the Agency or releases the promiser from its obligation to transfer its assets. In practical terms, this means a donor has imposed some type of stipulation other than a purpose or time period stipulation (which is defined


as a restriction below) and that condition is not met, the Agency is not entitled to the contribution. Conditions may or may not be within the control of the Agency.

Restriction – A donor-imposed stipulation that specifies a use for the contributed asset that is either limited to a specific future time period or is more specific than the broad limits resulting from the nature of the Agency, the environment in which it operates, and the purposes specified in the Articles of Incorporation and Bylaws. Restrictions on the use of an asset may be temporary or permanent.

Nonreciprocal Transfer – A transaction in which an entity incurs a liability or transfers assets to CMCA without directly receiving value in exchange.

Promise to Give – A written or oral agreement to contribute cash or other assets.

Exchange Transaction – A reciprocal transaction in which CMCA and another entity each receive and sacrifice something of approximately equal value.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: ADMINISTRATION OF FEDERAL AWARDS</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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B. ADMINISTRATION OF FEDERAL AWARDS

Definitions

Central Missouri Community Action may receive financial assistance from a donor/grantor agency through the following types of agreements:

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

Contract: A mutually binding legal agreement where the Agency agrees to provide supplies or services and the funder agrees to pay for them.

Cooperative Agreement: A legal agreement where the Agency implements a program with the direct involvement of the funder.

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

Preparation and Review of Proposals

Individual departments are responsible for preparing proposals for projects that the department intends to pursue. Final proposals shall be reviewed and approved in writing by the Board of Directors and the Executive Director.

Grant applications greater than \$50,000 will have Board approval unless otherwise required by the funding source. The full Board will approve acceptance of all grants. The full Board will be involved in all decisions concerning new funding sources. The Agency may refuse to consider a grant if the cost/benefit of administering such award is not beneficial to the Agency.

Post-Award Procedures

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

1. Verify specifications of the grant or contract. The Accounting Department shall review the terms, time periods, award amounts and expected expenditures associated with the award. A Catalog of Federal Domestic Assistance (CFDA) number shall be determined for each award. All

reporting requirements under the contract or award shall be summarized with the Program Director.

2. Create new general ledger account numbers. New accounts shall be established for the receipt and expenditure categories in line with the grant or contract budget.
3. Gather documentation. See the following section, "Documentation Administration," for details.

Compliance with Laws, Regulations and Provisions of Awards

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


1. For each Federal award, an employee within the department responsible for administering the award will be designated as "Program Director."
2. Each Program Director shall attend a training on grant management prior to beginning his/her role as a Program Director (or as early in their functioning as a Program Director as practical). Thereafter, all Program Directors shall attend refresher/update courses on grant management every two years.
3. The Program Director 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 "OMB Circulars 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.
 - c. Review the section of the Catalog of Federal Domestic Assistance (CFDA) applicable to the award.
 - d. The Program Director will communicate grant requirements to those who will be responsible for carrying them out, or impacted by them.
4. The Accounting Department shall forward copies of OMB Circulars to the Program Directors or assist with obtaining circulars from the Office of Management and Budget web site.
5. The Program Directors and the Accounting Department shall identify and communicate any special changes in policies and procedures necessitated by awards as a result of the review of each award.
6. The Program Director 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 "OMB Circulars Compliance Supplement," and communications with Federal awarding agency personnel. Such changes shall be provided to the Finance Director.
7. The Program Director shall inform the independent auditors of applicable laws, regulations, and provisions of contracts and grants. The Program Director shall also communicate known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the auditors.
8. Communication with awarding agency shall be documented in writing. Information concerning the financial regulations will be forwarded to the Finance Director.

Close Out of Federal Awards

Central Missouri Community Action shall follow the close out procedures described in OMB Circulars and in the grant agreements as specified by the granting agency.

Central Missouri Community Action and all sub-recipients shall liquidate all obligations incurred under the grant or contract within 90 days of the end of the grant or contract agreement.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: COST SHARING AND MATCHING (IN KIND)</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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C. COST SHARING AND MATCHING (IN-KIND)

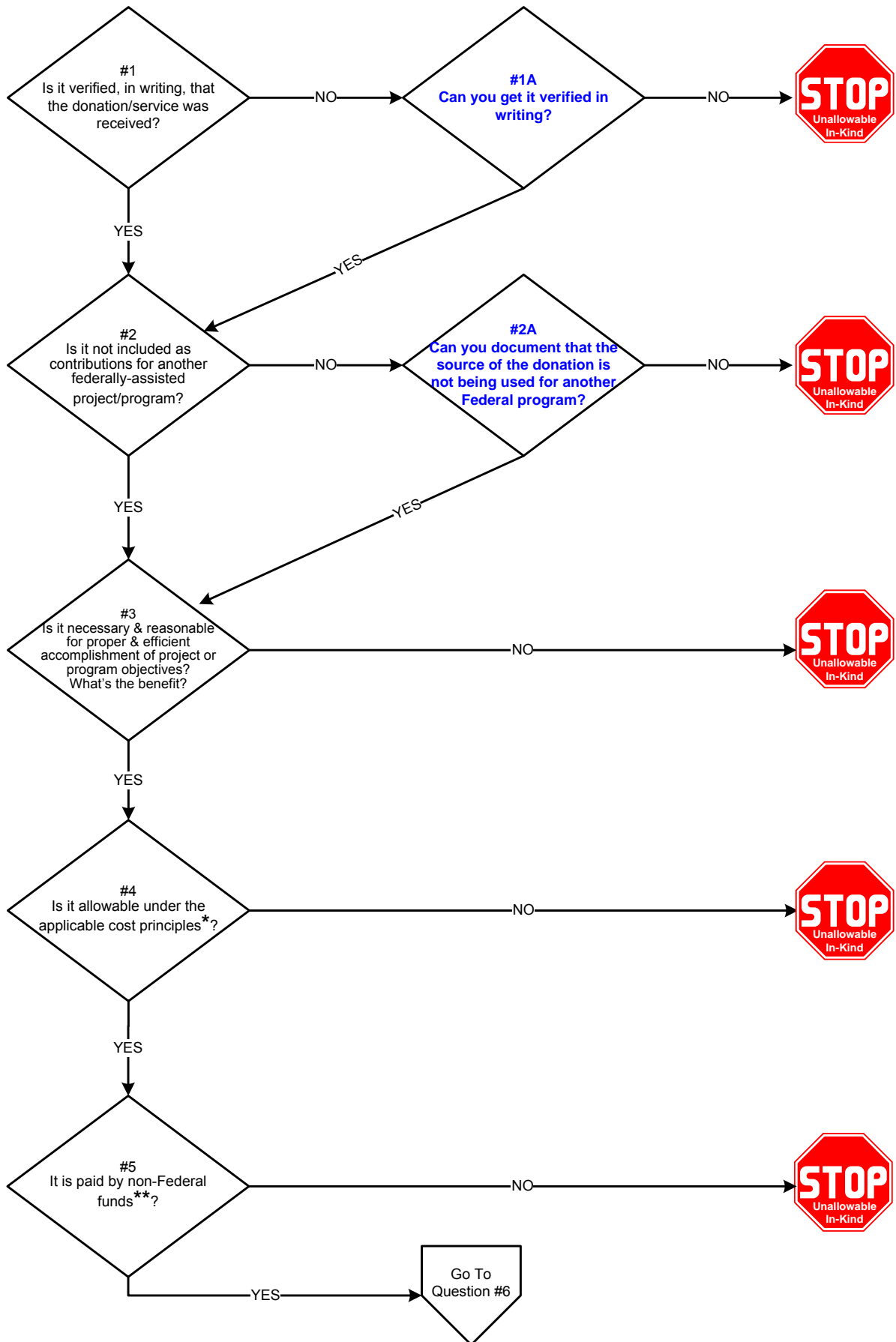
Overview

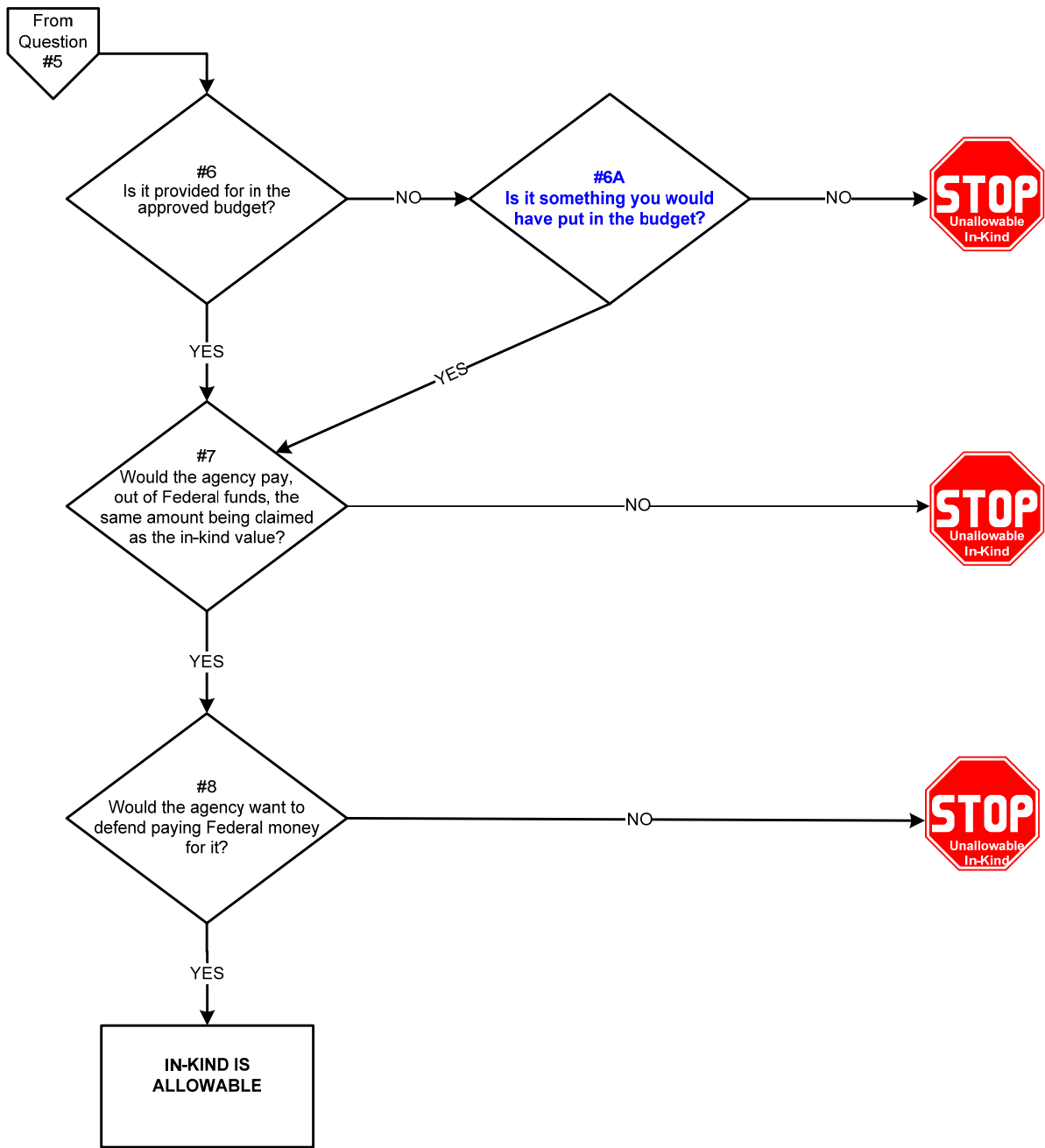
Central Missouri Community Action values contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or Federal agency regulations identify specific values to be used.

Central Missouri Community Action shall claim contributions as meeting a cost sharing or matching requirement of a Federal award only if all of the following criteria are met:

1. They are verifiable from CMCA records.
2. They are not included as contributions for any other Federally-assisted project or program.
3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. They are allowable under OMB Circulars. Refer to www.omb.gov
5. They are not paid by the Federal government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
6. They are provided for in the approved budget when required by the Federal awarding agency.
7. They conform to all provisions of OMB Circulars. Refer to www.omb.gov
8. In the case of donated space, (or donated use of space), the space is subject to an independent appraisal to establish its value.

The following flowchart should be used to determine the allowability of in-kind.





* OMB Circular A-21 - Colleges and Universities, OMB Circular A-87 - State and Local Units of Government, A-122 - Non-Profit Organizations

** Except where authorized by Federal statute to be used for cost sharing or matching:
 Determinations have been made on a case-by-case basis on whether Federal funds from other programs are allowable match for an ACF program. These determinations are based on specific requirements of ACF programs and language in applicable statutes. Specifically:

1. USDA funds are of Federal origin and, therefore, cannot be counted as match.
2. Bureau of Indian Affairs - Indian Self-Determination and Education Assistance Act (P.L. 93-638, as amended). The Act authorizes the use of funds for matching purposes as long as the identified use is specifically related to the approved grant activities.
3. Title XX Social Services Block Grant funds are considered to be Federal funds and, therefore, may not be used as match for ACF programs.
4. Expenditure of funds from the Housing and Community Development Act of 1974, P.L. 93-383 may count as allowable match for a Head Start program for renovation of a building. The determination is dependent on whether or not the Head Start grant is included as part of the "Community Development Program," as required by the Housing and Community Development Act. (Grants Administration Manual, Section 3.05.408(b)(1-4))

+ If the contribution is from one source, cost allocation must be evident.

Valuation and Accounting Treatment

Each Program Director is responsible for the in-kind contributions required of the program. In-kind contributions will be received and recorded on a monthly basis if possible.

In-kind typically falls into one of the following categories:

- Cash – see below
- Space, buildings, land and equipment
- Volunteer time and services
- Supplies

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

Cash

- Central Missouri Community Action shall recognize cash contributions as in-kind income in the period in which they are spent on allowable program costs.
- Any discounts received on goods or services are recognized as in-kind only if such discounts are not available to the general public.

Space, Buildings, Land and Equipment

Space:

- Will be valued at the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality
- Information on the date of donation and records from the appraisal will be maintained in a property file
- If less than an arms-length transaction, will be valued based in actual allowable costs not to exceed fair market value

Buildings, Land and Equipment:

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

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

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

Volunteer Time and Services

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

Example: Painter painted two classrooms on 09/04/12 = 5 hours @ \$25.00 per hour = \$125.00.

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

Example: Individual volunteered as a Teacher Aide on 09/04/12 for 3 hours = 3 hours @ \$12.56 per hour = \$37.68.

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

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


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

Supplies

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

The in-kind forms will be delivered to Central Office, tallied, valued and entered into a data tracking system monthly. The Program Director responsible for gathering the in-kind forms will review them to ensure all in-kind is allowable, allocable and reasonable and that sufficient documentation has been gathered. If the in-kind meets the above criteria, the Program Director will sign the in-kind form and deliver all forms and documentation to the accounting department to be recorded as in-kind in the accounting records. The accounting department staff will tally the in-kind forms and prepare the general ledger entry to record the contributions.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: GIFT ACCEPTANCE</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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D. GIFT ACCEPTANCE

Overview of Gift Acceptance Policies

A gift/contribution is consideration given to the Agency for which the donor receives no direct benefit and requires nothing in exchange (it is nonreciprocal) other than assurance that the intent of the contribution will be honored by Central Missouri Community Action. Two broad principles apply to all gifts given to the Agency:

1. A gift shall not be accepted that is not in the charitable interest of the donor, considering the donor's financial situation and philanthropic interests, as well as tax, legal, and other relevant factors.
2. A gift shall not be accepted unless there is a reasonable expectation that acceptance of the gift shall ultimately benefit Central Missouri Community Action.

Categories of Gifts

Gifts to the Agency are classified into two categories, based on the level of risk associated with acceptance of the gift.

Gifts of **marginal risk** include the following:

- Cash and cash equivalents (e.g., certificates of deposit)
- Gifts of securities actively traded on a U.S. public market (e.g., publicly-traded stocks, mutual funds, corporate and government bonds, etc.)
- Personal property with a fair value of less than \$5,000 (new or used)

Gifts of the preceding three categories shall be considered to be of marginal risk only if they are either unrestricted or restricted to one specific, existing Central Missouri Community Action program.

Gifts of **greater-than-marginal risk** include the following:


- Any gift requiring the acceptance of a restriction that:

- is not clearly identifiable with an existing program of Central Missouri Community Action,
 - would require the addition or modification of a Central Missouri Community Action program,
 - would not be consistent with the mission of Central Missouri Community Action,
 - would not be consistent with Central Missouri Community Action's tax-exempt purpose under IRC section 501(c)(3),
 - would require the reclassification of unrestricted net assets to temporarily restricted
 - would violate any federal, state, or local law or regulation, or
 - would result in excessive control to the donor, or anyone designated by the donor, over the subsequent use of the contributed asset
- Any gift from a donor involved in businesses or activities that may be deemed to be inconsistent with the mission of Central Missouri Community Action
 - Personal property with a fair value of \$5,000 or more (new or used)
 - Real property (either an outright gift of property or the donated use of such property)
 - Non-publicly-traded securities (e.g., ownership interests in privately-held businesses, partnerships, etc.)
 - Charitable remainder trusts
 - Charitable lead trusts
 - Conditional promises to give/pledges
 - Unusual items or items of questionable value (including works of art, animals, historic artifacts, memorabilia, etc.)
 - Life insurance
 - Notification of the intent to give noncash assets through a bequest

Gift Acceptance Procedures

Gifts of marginal risk may be accepted by the Development Manager without any further review and approval. Gifts of greater-than-marginal risk may be accepted only after review and approval of both the Finance Director and Executive Director. This review and approval shall be documented on a Gift Acceptance form.

It is also the policy of Central Missouri Community Action to liquidate all gifts of publicly-traded securities within ten days of receipt unless it is determined by the Finance Director that holding the securities as an investment of the Agency would be fiscally prudent, appropriate, and consistent with the Agency's investment policies.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: CONTRIBUTIONS RECEIVED</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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E. CONTRIBUTIONS RECEIVED

Overview

Central Missouri Community Action shall accept charitable contributions of all types of assets from any type of donor, with the following exceptions:

1. Contributions of non-liquid assets or assets possessing legal or other characteristics rendering the asset difficult to sell or convert to liquid assets, as determined by the Finance Director;
2. Contributions with donor-imposed restrictions that provide excessive control to the donor over future uses of the donated asset(s), as determined by the Finance Director;
3. Contributions with donor-imposed restrictions that violate or involve uses that go beyond the Agency's current mission statement and tax-exempt purpose, as determined by the Finance Director; and
4. Contributions from donors involved in businesses or activities that are deemed inconsistent with CMCA's mission, as determined by the Executive Director.
5. The Board of Directors has the right to accept or reject any contribution based upon the known origin.
6. Fund-raising expenses are unallowable costs for Federal grants. Any costs associated with fund raising will be charged to unrestricted non federal funds.
7. Management staff will notify the Accounting Department and the Administrative Services Coordinator of expected donations and any donor-imposed restrictions before the donation is accepted.

Distinguishing Contributions from Exchange Transactions

Central Missouri Community Action receives income in the form of contributions, revenue from exchange transactions, and income from activities with characteristics of both contributions and exchange transactions. CMCA 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. Central Missouri Community Action's intent in soliciting the asset, as stated in the accompanying materials;
2. The expressed intent of the entity providing resources to CMCA (i.e., does the resource provider state that its intent is to support CMCA's programs or that it anticipates specified benefits in exchange?);
3. Whether the method of delivery of the asset is specified by the resource provider (exchange transaction) or is at the discretion of CMCA (contribution);

4. Whether payment received by CMCA is determined by the resource provider (contribution) or is equal to the value of the assets/services provided by CMCA, 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 CMCA to individuals or agencies other than the resource provider (contribution) or whether they are delivered directly to the resource provider or to individuals or agencies closely connected to the resource provider.

Recognition of Contribution Income (GAAP)

Central Missouri Community Action shall recognize contribution income based on the following factors:

1. Unconditional contributions of assets (cash, property, etc.) shall be recognized as income upon receipt of the asset by the Agency.
2. Unconditional promises to contribute assets shall be recognized as income upon receipt of clear communication of the promise from the donor or the donor's legal representative (e.g., trustee, attorney, etc.). See additional guidelines in the next section.
3. Conditional contributions and conditional promises to give shall be recognized as income upon the satisfaction of the condition.
4. Contributed services shall be recognized as income only to the extent that the contributed services possess either one of the following characteristics:
 - a. The service creates or enhances a non-financial asset (e.g., land, buildings, intangible assets, etc.).
 - b. The service requires a specialized skill, it is provided by an individual possessing that skill, and the service is one that would typically need to be purchased if it had not been contributed to the organization.

All noncash contribution income received shall be recorded at fair value. (See policy below.)

Contribution income shall be classified as unrestricted, temporarily restricted, or permanently restricted in accordance with the definitions and guidelines described earlier.

Valuation of Noncash Contributions

As stated in the preceding section, all noncash contributions of assets shall be recorded at their fair value as of the date of the gift. Fair values used in accounting for donated assets shall be determined by the Agency, not by the donor, although in some cases a value may have been provided by a donor. (See subsequent policies associated with IRS Form 8283.)

The determination of the fair value of donated assets shall be determined as follows:

1. For contributions of publicly-traded securities, fair value shall be determined by the Finance Director based on a Web-based search (e.g., E*Trade) of the closing price of the security on the date that the security was transferred to Central Missouri Community Action (in addition, a

printout of this Web search shall be retained in the accounting department's records for future reference and substantiation of this procedure.

2. For contributions of personal property, fair value shall be determined by the Executive Director, using appropriate public records (price lists for new assets, other guides for used assets) subject to the review and approval of the Finance Director – such valuation documented using a standard form.
3. For contributions of real property, fair value shall be determined by an appraisal performed by an independent appraiser hired by Central Missouri Community Action (not an appraiser hired by the donor).
4. For contributions of all other assets, fair value shall be determined by the Finance Director.

For contributed services that meet the previously described criteria for recording, the fair value of the services shall be determined by multiplying the hours worked by each volunteer, as documented on the Agency's Volunteer Time Sheet, by an applicable hourly rate. The applicable hourly rate shall be determined by the Program Director and shall generally be equal to an estimate of an hourly wage rate plus estimated employee benefits costs or an hourly rate typically charged by external contractors possessing the skills provided by the volunteer.

All determinations of hourly rates used to value contributed services shall be reviewed, documented, and approved by the Finance Director.

Unconditional Promises to Give

- Unconditional promises to give shall be recorded as assets and increases in temporarily restricted net assets (contribution income) in the period that Central Missouri Community Action receives communication of the promise.
- 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 Central Missouri Community Action at the time the Agency receives a promise from a donor, considering the dollar amount of the promise and the time period of the promise (e.g., for promises of less than \$100,000, the Agency shall generally use the interest rate applicable to certificates of deposit for the same approximate duration available from its bank).
- When the final time or use restriction associated with a contributed asset has been met, a reclassification between temporarily restricted and unrestricted net assets shall be recorded.

Conditional Promises to Give

The Agency shall not record an asset or contribution income for any conditional promise to give. However, the Agency shall maintain a record of such conditional promises to give and monitor these gifts for purposes of identifying when the condition associated with each such promise has been satisfied. As noted below, this schedule shall also be used in connection with preparing the Agency's footnote disclosures associated with contributions.

Receipts and Disclosures

Central Missouri Community Action 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, CMCA shall adhere to the following guidelines with respect to contributions received by the Agency.

The Development Manager shall provide a receipt to the donor for every separate contribution received. All receipts shall include the following information:

1. The amount of cash received and/or a description (but not an assessment of the value) of any non-cash property received;
2. A statement of whether CMCA provided any goods or services to the donor in consideration, in whole or in part, for any of the cash or property received, and
3. If any goods or services were provided to the donor by CMCA, a description and good faith estimate of the value of those goods or services.

When CMCA receives cash in excess of \$75, or non-cash property with a value in excess of \$75, as part of a quid pro quo transaction, the Agency shall follow additional disclosure procedures. For purposes of this paragraph, a "quid pro quo transaction" is one in which CMCA 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 CMCA is less than the value of cash or property provided by the donor). In such instances, CMCA 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 CMCA may be deducted as a charitable contribution. The receipt shall also include a good-faith estimate of the fair market value of the goods to the donor by CMCA.

IRS rules provide for certain exceptions to the preceding disclosure rules applicable to quid pro quo transactions. As such, CMCA 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 during the current calendar year bear CMCA's name or logo and have an aggregate cost of \$10.20 or less;
2. The goods provided to the donor during the current calendar year have a fair market value equal to but no more than 2% of the contribution or \$102, whichever is less; or
3. The gift received by CMCA resulted from the Agency's current calendar year fund-raising appeal that included articles worth no more than \$10.20, 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 subsequent to the current calendar year are incorporated into this policy manual by reference.

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

An example of a quid pro quo transaction that CMCA may be involved with: CMCA has a celebrity event that costs \$1,000 to attend. A receipt would be given to attendees that acknowledged their \$1,000 payment and also stated that the cost of the dinner was valued at \$25 and the remainder was a donation.

Central Missouri Community Action complies 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.

Disclosures of Promises to Give

As stated earlier, CMCA shall record an asset and an increase in net assets for unconditional promises to give. In addition, in connection with its annual financial statements, CMCA shall prepare a schedule of unconditional promises to give that discloses the annual amounts to be collected in each of the next five fiscal years, and a total amount due thereafter, less the amount representing interest as a result of discounting long-term promises to give to net present value.

In connection with conditional promises to give, which shall not be recorded on the financial statements, CMCA shall nonetheless prepare a similar schedule of future payments for disclosure in the Agency's annual financial statements.

Endowment Funds

It is the policy of Central Missouri Community Action to establish and accept endowments that are permanently restricted for the benefit of one or more programs or purposes within the scope of the Agency's mission, subject to the gift acceptance policies described earlier.

It is also the policy of the Agency to account for all endowments in accordance with any and all explicitly communicated donor-imposed stipulations that have been accepted by the organization, including stipulations associated with the classification of subsequent interest income, dividend income, realized gains and losses, unrealized gains and losses, and other investment income as unrestricted, temporarily restricted, or permanently restricted, as well as future appropriations and expenditure of endowment funds. To the extent the Agency has accepted an endowment that does not include explicit donor stipulations regarding subsequent accounting for and classification of the endowment or investment income or for the appropriation and expenditure of endowment funds, Central Missouri Community Action shall follow the guidelines described in Missouri Law: Securities, Title XXVI, Chapter 402; 402.130, 402.132, 402.134, 402.136, 402.138, 402.140, 402.142, 402.144, 402.146, 402.199.

The interpretation of how Missouri Law: Securities, Title XXVI, Chapter 402; 402.130, 402.132, 402.134, 402.136, 402.138, 402.140, 402.142, 402.144, 402.146, 402.199 applies to a particular endowment of Central Missouri Community Action shall be made by the Finance Director and subject to the review and approval of the Finance Committee.

In connection with all endowment funds of the Agency, Central Missouri Community Action shall disclose in a footnote to its annual financial statements all of the following information:

1. A description of the board's interpretation of relevant state law regarding the net asset classification of donor-restricted endowment funds.
2. A description of the Agency's policies for the appropriation of endowment assets for expenditure.
3. A description of the Agency's endowment investment policies, including, at a minimum:

- a. The Agency's return objectives and risk parameters.
 - b. How those objectives relate to the Agency's endowment spending policies.
 - c. The strategies employed for achieving those objectives.
4. Endowment fund net asset composition by classification (unrestricted, temporarily restricted, permanently restricted), in total and by type of endowment fund, and cumulative investment return, if any, contained in the permanently restricted net asset class resulting from the Agency's interpretation of relevant state law, beyond the amount required by explicit donor stipulations.
 5. A reconciliation of the beginning and ending balance of the Agency's endowments, in total and by net asset class, showing all of the following:
 - a. Investment return, separated into investment income (interest, dividends, rents, etc.) and net appreciation or depreciation of investments
 - b. Contribution income
 - c. Amounts appropriated for expenditure
 - d. Reclassifications
 - e. Other changes in net assets

IRS Form 8283, Noncash Charitable Contributions

In certain instances, Central Missouri Community Action may be requested to sign a Form 8283 (section b, Part IV) by a donor who has made a material contribution of noncash assets to the Agency. The signature of an organization official on Form 8283 signifies an acknowledgment of the description of the donated asset and the date of the gift. It does NOT represent any level of certification of or agreement to the valuation of the gift that has been assigned by the donor or the donor's appraiser, but it does serve to inform Central Missouri Community Action of the value intended to be deducted by the donor, which is useful in connection with the subsequent filing of Form 8282. (See the next section for the policies regarding Form 8282.)

Any Form 8283 presented by a donor for signature by Central Missouri Community Action shall be reviewed, along with the donated asset and any relevant documentation pertaining to the asset's description and condition, by the Finance Director, who shall have final responsibility for agreeing or disagreeing with the donor's description of the asset and for signing the Form 8283.

The Development Manager shall retain a copy of any Form 8283 that has been signed. (See related policy below.)

IRS Form 8282, Donee Information Return


When Central Missouri Community Action subsequently sells assets that have been contributed to it, the filing of a Form 8282 may be required. Among the exceptions from filing Form 8282 are subsequent sales of assets contributed to the Agency more than three years before the sale, and sales of assets that when contributed had a fair value of \$5,000 or less, as evidenced by the Form 8283 presented to the Agency by the donor at the time of the gift.

Form 8282 is not required with respect to donated assets that are consumed or distributed in fulfillment of the Agency's tax-exempt mission.

Responsibility for tracking donated assets and determining whether filing Form 8282 is required is assigned to the Accounting Systems Specialist. It is the policy of Central Missouri Community Action to file such forms in a timely manner (within 125 days of the sale). Upon completion of a Form 8282 by the Accounting Systems Specialist, the form shall be reviewed and signed by the Finance Director. Delivery of the form to IRS shall be done by mail, performed by the Accounting Systems Specialist.

A Form 8282 shall also be prepared and filed if Central Missouri Community Action transfers a donated asset to another charitable nonprofit organization (subject to the same exceptions as described above). In such cases, the Form 8282 shall be filed with IRS within 125 days of the transfer and a copy of the Form 8282 shall be provided to the successor nonprofit organization within 15 days of filing the Form 8282 with the IRS, along with a copy of the original Form 8283 received from the donor.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: BILLING/INVOICING POLICIES</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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F. BILLING/INVOICING POLICIES

Overview

The Agency's primary sources of revenue are:

- Reimbursement grants – billed monthly, or as funders require, based on allowed, incurred expenses
- Fee-for-service income – billed according to contract requirements based on number of units of services provided

Other lesser sources of income such as transportation reimbursements or childcare fees will be collected and recorded when the services are provided.

Responsibilities for Billing and Collection

Central Missouri Community Action's Accounting Department is responsible for the invoicing of funding sources and the collection of outstanding receivables. Some Project Directors do reports in conjunction with the Accounting department that generate payment of the award either on a monthly or quarterly basis.

Billing and Financial Reporting

Central Missouri Community Action strives to provide management, staff and funding sources with timely and accurate financial reports applicable to Federal awards. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

Central Missouri Community Action 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 key Accounting personnel, subject to review and approval by the Finance Director.

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

1. The Agency will request reimbursement after expenditures have been incurred, 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, at the time of preparing the invoice, as the source for all invoice amounts.
4. All financial reports required by each Federal award will be prepared and filed on a timely basis. To the extent CMCA's year-end audit results in adjustments to amounts previously reported to Federal agencies, revised reports shall be prepared and filed in accordance with the terms of each Federal award.

Central Missouri Community Action 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.

At the time invoices (requests for reimbursement) are prepared, revenue and accounts receivable shall be recorded on the books of CMCA by key Accounting personnel.

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

Cash Drawdowns Under Letters of Credit

Cash drawdowns under letters of credit from Federal agencies shall be made weekly in conjunction with the accounts payable and payroll schedule, based on need. All Federal funds shall be deposited into an interest-bearing cash account under the cash receipts policies and procedures described in this manual. CMCA requires that Federal funds will be disbursed by close of business the next work day after receipt using the following process:

1. The checks are printed, signed and disbursed in accordance with cash disbursement policies.
2. Key Accounting personnel prints out a cash drawdown report.
3. The Finance Director approves the report.
4. Key Accounting personnel draws down the cash required.
5. Report is filed in the Finance Director's office
6. Key Accounting personnel notifies Finance Director or his/her designee of expected cash draw.

Accounts Receivable Entry Policies

Individuals independent of the initial cash receipts function, which is performed by the Administrative Services Coordinator, shall post customer invoices, credit adjustments, and other adjustments to the accounts receivable subsidiary ledger.

Classification of Income and Net Assets

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


1. Grants and other awards received from government agencies or other grantors, which are classified as temporarily restricted.
2. Special endowments received from donors requesting that these funds be temporarily or permanently restricted for specific purposes.
3. Income earned from endowment funds (e.g., interest and dividends, gains and losses) in connection with endowments where the donor has explicitly stated that earnings on an endowment be temporarily restricted for specific purposes.

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

As with all Temporarily Restricted net assets, when the restriction associated with a contribution has been met (due to the passing of time or the use of the resource for the purpose designated by the donor), CMCA will reclassify the related net assets from "Temporarily Restricted" to "Unrestricted" in its Statement of Financial Position and reflect this reclassification as an activity in its Statement of Activities.

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

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: CASH RECEIPTS</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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G. CASH RECEIPTS

Overview

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

Processing of Checks and Cash Received in the Mail

The following procedures will be followed:

- Cash receipts are received in a central location, rather than at remote sites, to ensure that cash received is appropriately directed, recorded, and deposited on a timely basis.
- Mail is opened and a listing of cash/checks received shall be prepared in an open area and under the supervision of the Executive Assistant.
- Copies of the contents will be made, date stamped, stamped “for deposit only” and delivered to the accounting department and attached to originals.
- The individual preparing the daily hand written record of receipts in the cash receipts ledger shall be someone that is not involved in the accounts receivable or accounts payable process.
- Cash receipts will be kept in a locked file until deposited. Undeposited cash will not be used as petty cash or to make change.
- Deposits are prepared and taken to the bank by an individual other than the employee who prepared the cash receipts ledger.
- If cash is received for payment of money owed for out of area travel, petty cash or co-payments, all accompanying forms must have all required signature lines completed before cash is accepted.

Endorsement of Checks

All checks received that are payable to the Agency shall immediately be restrictively endorsed, using a rubber stamp stating “For Deposit Only “, by the individual who prepares the cash receipts ledger. The Accounting staff member who prepares the deposit slip will complete the endorsement with the proper bank account, name and number.

Timeliness of Bank Deposits


Bank deposits will be made on a daily basis, unless the total amount received for deposit is less than \$10,000. In no event shall deposits be made less frequently than weekly. If cash receipts are received after 2:00 pm from the individual who prepares the cash receipts ledger, deposit may be made the next working day.

Reconciliation of Deposits

On a periodic basis, the Finance Director, who does not prepare the initial cash receipts ledger or bank deposit, shall reconcile the listings of receipts to bank deposits on the monthly bank statement. Any discrepancies shall be immediately investigated.

Cash Receipts – Parent Co-Payments

- Money orders for parent co-payments are collected at the site by the Team Leader or designee.
- A Duplicate receipts are prepared with one copy given to the payer and one copy submitted with the payment to Central Office. The receipt will have the following information:
 1. Child's name
 2. Payor's name
 3. Site name
 4. Type of payment
 5. Amount of payment
 6. Date received
 7. Signature of individual receiving the payment
- An accounts receivable log is kept at the site showing the amount owed and amount paid each week for each child.
- A binder is also kept at each site that contains logs of all children approved for state subsidy along with the appropriate approval letters.
- Money orders and receipts are forwarded in a sealed envelope fice Administrative Services Coordinator at Central Office weekly to be processed.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: GRANTS RECEIVABLE MANAGEMENT</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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H. GRANTS RECEIVABLE MANAGEMENT


Monitoring and Recognition

Central Missouri Community Action records grants receivable and income as follows:

1. Upon receipt of the grant, the entire grant will be recorded in the budget module of the accounting system.
2. During the year, when cash is received, the revenue is recorded as grant income.
3. At the end of the fiscal year, grant revenue and total grant amount will be compared.

An Agency Board Report is prepared monthly which lists all grant amounts and the contract dates, therefore, management and the Board will be able to monitor the progress of the entire grant at any time during the year.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: ACCOUNT RECEIVABLE MANAGEMENT</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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I. ACCOUNTS RECEIVABLE MANAGEMENT

Monitoring and Reconciliations

On a monthly basis, the Accounting Department staff will reconcile a detailed accounts receivable report generated from the accounting system. The Finance Director will review the report and ensure that all differences are immediately investigated and resolved.

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. An employee who is independent of the cash receipts function will process credits and adjustments to Accounts Receivable, and all credits shall be authorized by the Finance Director or designee.

Accounts Receivable Write-Off Authorization Procedures


All available means of collecting accounts receivable will be exhausted before write-off procedures are initiated. Write-offs are initiated by the department associated with the amount to be written off, in conjunction with the Accounting Department. If an account receivable is deemed uncollectible, the Finance Director will approve any write-off before it is processed.

Once a write-off has been processed, appropriate individuals in the originating department will be advised so that further credit is not granted unless authorized by the Program Director.

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 written off against net assets or unrestricted funds.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: PURCHASING POLICIES AND PROCEDURES</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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III. POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS

A. PURCHASING POLICIES AND PROCEDURES

Overview

THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY CENTRAL MISSOURI COMMUNITY ACTION.

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

The goal of these procurement policies is to ensure that materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal statutes and executive orders. Direct participant costs will follow their individual program guidelines. Activities conducted with CHDO funding, FEES for service revenue or unrestricted funds may not fall under these purchasing requirements.

Responsibility for Purchasing

All department heads or their designees shall have the authority to initiate purchases on behalf of their department, within the guidelines described here. Program Directors shall inform the Accounting Department of all individuals that may not initiate purchases or request purchase orders.

Individuals completing a Purchase Request or Purchase Order form will obtain form W-9 from the vendor at time of purchase. W-9 will be attached to documentation sent to the accounting department.

The Accounting Department shall be responsible for issuing and processing purchase orders. The Finance Director has approval authority over purchases over \$3,000 and contractual commitments, and shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial.

Code of Conduct in Purchasing

Ethical conduct in managing the Agency's purchasing activities is absolutely 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 exceeding \$200 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.
- No officer, Board member, employee, or agent shall participate in the selection or administration of a vendor 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 Agency that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the vendor selected.
- Officers, Board members, employees, and agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to sub-agreements.
- Unsolicited gifts of a nominal value of \$200 or less, may be accepted with the approval of the Executive Director.

Competition

In order to promote open and free competition, purchasers will:

- Be alert to any internal potential conflicts of interest.
- Be alert to any noncompetitive practices among contractors that may restrict, eliminate or restrain trade.
- Not permit contractors who develop specifications, requirements or proposals to bid on such procurements.
- Award contracts to bidders whose product/service is most advantageous in terms of price, quality, customer service, honesty, integrity, availability of goods and services, and other factors.
- Issue solicitations that clearly set forth all requirements to be evaluated.
- Reserve the right to reject any and all bids when it is in the Agency's best interest.

Non-Discrimination Policy/Vendor Code of Conduct

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

1. Contractors/Contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the contractors/contractors.
2. Contractors/Contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. Notices, advertisement and solicitations placed in accordance with Federal law, rule, or regulation shall be deemed sufficient for meeting the intent of this section.
3. Contractors and their representatives agree to conduct business with our Agency and our representatives in an ethical, courteous and professional manner at all times. Failure to do so may terminate all relationships with the Agency.

Procurement Procedures

The following are Central Missouri Community Action's procurement procedures:

1. Central Missouri Community Action 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. This analysis should only be made when both lease and purchase alternatives are available to the program.
3. Some form of cost or price analysis shall be made for every procurement \$3,000 or more or \$2,000 if it is subject for Davis Bacon. Price analysis may be made in various ways, including comparison of price quotations submitted or market prices. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability.
4. Cost/price analysis for routine supplies may be performed at the beginning of the year to identify a vendor to be used for the entire year.
5. Documentation of the cost and price analysis associated with each procurement decision \$3,000 or more or \$2,000 if it is subject to Davis Bacon shall be retained in the procurement files pertaining to each Federal award.
6. For all procurements in excess of the small purchase acquisition threshold (\$150,000 in 2015), procurement records and files shall be maintained to 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.
7. Central Missouri Community Action shall make all procurement files available for inspection upon request by a Federal awarding agency.
8. All contracts with contractors shall require the vendor to certify in writing that it has not been suspended or disbarred from doing business with any Federal agency.
9. CMCA shall not utilize the "cost-plus-a-percentage-of-costs method of contracting.

All staff members with the authority to approve purchases will receive a copy of and be familiar with federal cost principles.

Use of Purchase Orders

Central Missouri Community Action utilizes a purchase order system. A properly completed purchase order shall be required for each purchase decision (i.e., total amount of goods and services purchased, not unit cost) in excess of \$3,000 with the exception of travel advances and expense reimbursements, which require the preparation of a separate form described elsewhere in this manual. A properly completed Purchase Order Requisition shall contain the following information, at a minimum:

- Specifications or list of services or items required
- Purpose of purchase
- Vendor name, address, point of contact and phone number
- Source of funding (if applicable)
- Delivery or performance schedules
- Delivery, packing and transportation requirements
- Special conditions (if applicable)
- Catalog number, page number, etc. (if applicable)
- Net price per unit, less discount, if any

- Total amount of order
- Authorized signature
- Date purchase order was prepared

Purchase orders shall be pre-numbered, kept in a secure area in the Accounting Department, and issued upon request from an authorized purchaser. The first and second pages (white and yellow) of the Purchase Order will be returned to the authorized purchaser to place the order. The completed Purchase Order must be signed by the preparer and approved by the Program Director/Dept Head. If the preparer is the Program Director/Dept Head than two signatures will not be required.

All purchase orders shall be recorded in a purchase order log system. At the end of each accounting period, all outstanding purchase orders shall be researched and reviewed by the Accounting Department and authorized purchaser to determine the status of the order.

Authorizations and Purchasing Limits

All completed Purchase Order Requisitions must be signed by the preparer and approved by the Program Director. The following table displays required approvals and solicitations:

Amount of Purchase	Required Approvals	Required Solicitation	Required Documentation
< \$3,000 **	Program Director/Dept Head	* No bids are required	<ul style="list-style-type: none"> • - CMCA Purchase Request
\$3,000 ≤ \$10,000	Program Director/Dept Head Finance Director	2 written bids	<ul style="list-style-type: none"> • Documentation of bids received • How decision was made if lowest price not used • - Purchase Order Requisition • Competitive Bid Record
\$10,001 ≤ \$25,000	Program Director/ Dept Head Finance Director Deputy Director	2 written bids	<ul style="list-style-type: none"> • Documentation of bids received • How decision was made if lowest price not used Purchase Order Requisition Competitive Bid Record
\$25,001 ≤ \$150,000	Program Director/Dept Head Finance Director Executive Director	3 written bids	<ul style="list-style-type: none"> • Copy of RFB or RFP • Proposal scoring grids including who participated in the scoring • Proposal and contract of winning bidder • Purchase Order Requisition • Form F012 - Competitive Bid Record
> \$150,000	Program Director Finance Director Executive Director	3 written bids	<ul style="list-style-type: none"> • Copy of RFB or RFP • Proposal scoring grids including who participated

	Board of Directors	in the scoring • Proposal and contract of winning bidder • Form F037 - Purchase Order Requisition • Form F012 - Competitive Bid Record
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* If the authorized purchaser needs a check cut ahead of time written documentation of actual cost will be required

The Executive Director/Deputy Director is authorized to enter into any contract on behalf of CMCA. Prior to entering into contracts of \$5,000 or less, contracts must be reviewed and approved by the Program Director and the Finance Director, but do not require approval from the Executive Director. These policies shall also apply to renewals of existing contracts. The original contracts are to be kept in the accounting department. Contracts may be reviewed by legal counsel.

While on orientation or probation status, the Program Director's purchasing authority will be limited by obtaining the co-signature of their supervisor.

** A CMCA Purchase Request form shall be used for purchases of less than \$3,000. The completed Purchase Request must be signed by the preparer and approved by the Program Director/Dept Head. If the preparer is the Program Director/Dept Head than two signatures will not be required. The "Method of Payment" section of the form must be completed before the order is placed.

A web-based Purchase Request form will be completed instead of the four part form mentioned above. It is the responsibility of the authorized purchaser to distinguish between the original and the pink copy that is to be received in the Accounting Department.

Required Solicitation of Quotations from Contractors

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

1. All staff preparing an RFP should refer to OMB Circulars prior to starting the process.
2. A clear and accurate description of the technical requirements for the material, product or service to be procured. Descriptions shall not contain features which unduly restrict competition.
3. Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals.
4. Technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
5. The specific features of "brand name or equal" descriptions that bidders are required to meet when appropriate.
6. The acceptance, to the extent practical, of products and services dimensioned in the metric system of measurement.
7. Preference, to the extent practical, for products and services that conserve natural resources and protect the environment and are energy efficient.

8. Preference for recycled products pursuant to EPA guidelines.
9. A description of the format, if any, in which proposals must be submitted, including the name of the person to whom proposals should be sent.
10. The date by which proposals are due.
11. Required delivery or performance dates/schedules.
12. Clear indications of the quantity(ies) requested and unit(s) of measure.
13. Proof of insurance (if applicable)
14. Disclosure of Davis Bacon requirements (if applicable)

Receipt of Late Proposals

Solicitations should provide for sufficient time to permit the preparation and submission of offers before the specified due date and time. However, an extension may be granted if a prospective offeror so requests, prior to the deadline.

Vendor proposals are considered late if received after the due date and time specified in the solicitation. Late proposals shall be so marked on the outside of the envelope and retained, unopened, in the procurement folder.

Evaluation of Contractors

Contractors shall be evaluated on a weighted scale that considers the following criteria:

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

Not all of the preceding criteria may apply in each purchasing scenario. However, the department responsible for the purchase shall establish the relative importance of the appropriate criteria prior to requesting proposals and shall evaluate each proposal on the basis of the criteria and weighting that have been determined. No geographic preference will be given unless mandated by statute.

After a vendor has been selected and approved by the Program Director, the final selection shall be approved by the Executive Director prior to entering into a contract. If contracts are expected to exceed \$5,000, bidding contractors will be notified of the winning bidder.

Affirmative Consideration of Minority, Small Business & Women-Owned Business Enterprises

Positive efforts must be made by CMCA to utilize small businesses, minority-owned firms, and women's business enterprises and labor surplus area firms, whenever possible. Therefore, the following steps must be taken:

- (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- (2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
- (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
- (4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
- (5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- (6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.

Availability of Procurement Records (A-110_44(3)(e))

Central Missouri Community Action shall, on request, make available for the Federal awarding agency, pre-award review and procurement documents, such as requests for proposals, when any of the following conditions apply:

- The process does not comply with CMCA's procurement standards
- The procurement is expected to exceed the small purchase threshold (\$150,000 in 2015) and is to be awarded without competition or only one bid is received
- The procurement exceeds the small purchase threshold and specifies a "name brand" product (A-110_44(3)(e)(3)) the apparent low bidder under a sealed bid procurement.
- A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the small purchase threshold.

Provisions Included in All Contracts

Central Missouri Community Action includes all of the following provisions, as applicable, in all contracts charged to Federal awards (including small purchases) with contractors and subgrants 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 CMCA 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. CMCA will 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 Central Missouri Community Action 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. CMCA will 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. CMCA shall also obtain reports from contractors on a weekly basis in order to monitor compliance with the Davis-Bacon Act. CMCA 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 CMCA 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. **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).
6. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** For all contracts or subgrants of \$100,000 or more, CMCA shall obtain from the contractor or subgrantee a certification that it will not and has not used Federal appropriated funds to pay any person or agency 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, CMCA shall provide such certifications in all situations in which it acts as a subrecipient of a subgrant of \$150,00 or more.
7. **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) (\$150,000 in 2015), CMCA 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 Nonprocurement Programs*.

8. **Remedies:** All contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) (\$150,000 in 2015) 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.
9. **Termination:** All contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) (\$150,000 in 2015) shall contain suitable provisions for termination by CMCA, including the manner by which termination shall be effected 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.

Special Purchasing Conditions

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

Single Distributor/Source: Sole source purchases will be made only when solicitation of multiple contractors is not feasible and one of the following conditions apply:

- The item or service is only available from one source,
- The situation is a public emergency,
- The awarding agency approves the purchase, or
- Competition is deemed inadequate

A cost/price analysis is required and approval from the funding agency may be necessary if the purchase is over the federally established small purchase threshold.

Right to Audit Clause

Central Missouri Community Action requires a "Right to Audit" clause in all contracts between the Agency and contractors that either:

1. Take any form of temporary possession of assets directed for the Agency, or
2. Process data that will be used in any financial function of the Agency.

This Right to Audit clause shall permit access to and review of all documentation and processes relating to the vendor's operations that apply to CMCA, as well as all documents maintained or processed on behalf of CMCA, for a period of three years. The clause shall state that such audit procedures may be performed by CMCA employees or any outside auditor or contractor designated by the Agency.

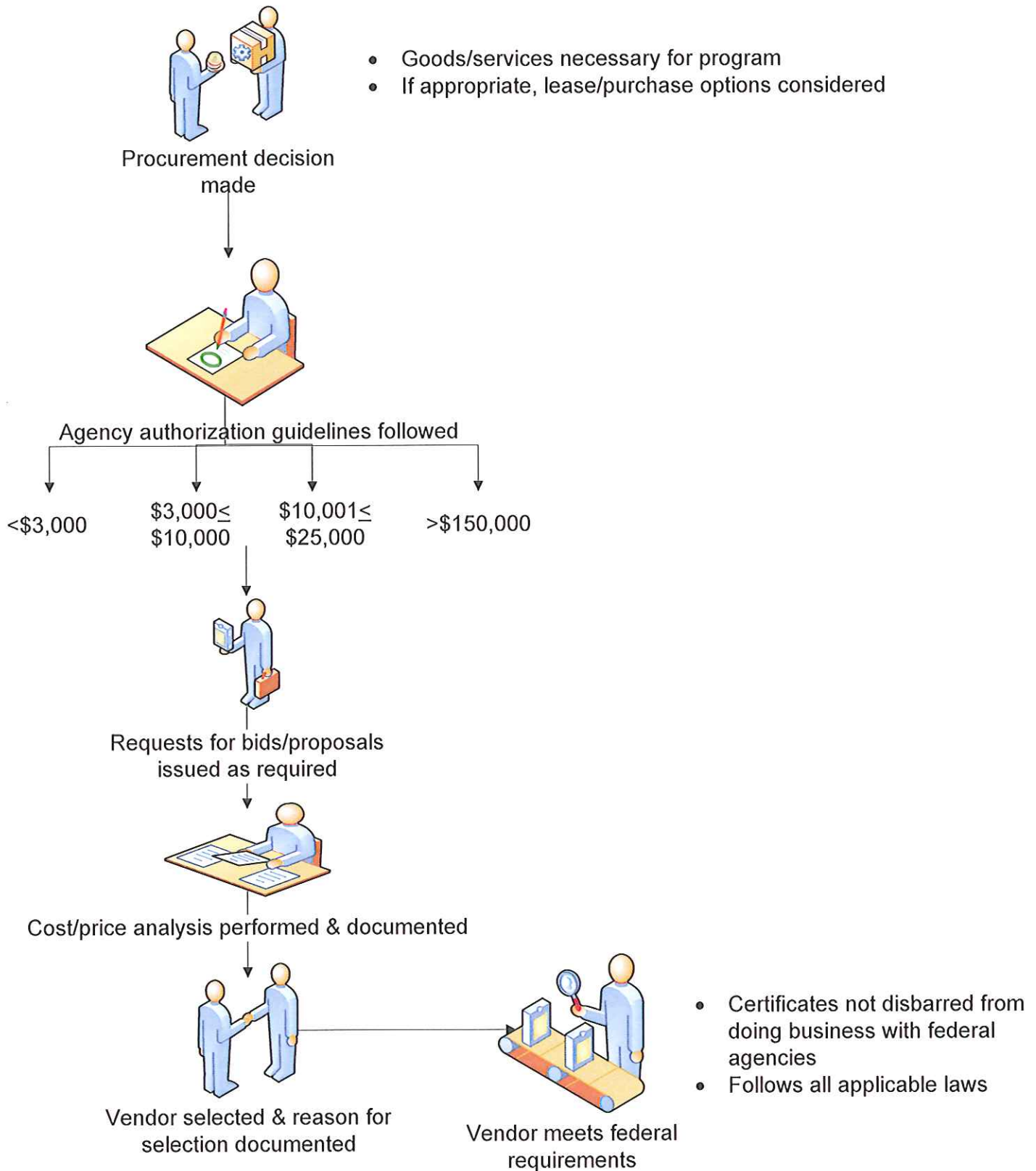
Vendor Files and Required Documentation

The Accounting Department shall maintain a vendor folder(s) for contractors from whom CMCA purchases goods or services.

If the purchase order or purchase request form is submitted without a form W-9, authorized purchaser shall send/fax a blank Form W-9 to new contractors and request that the vendor complete and sign the W-9 and return it. Completed, signed Forms W-9 documentation shall be filed in the vendor folder. Contractors 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." See the section on "Payroll and Related Policies" for guidance on determining whether a vendor should be treated as an employee.

Procurement Under Federal Regulations Flowchart

The following flowchart summarizes the procurement process under Federal regulations




Receipt and Acceptance of Goods

The staff person responsible for a site or designated individual shall inspect all goods received. Upon receipt of any item from a vendor, the following actions shall immediately be taken:

1. Review bill of lading for correct delivery point
2. Verify the quantity of boxes/containers with the bill of lading
3. Examine boxes/containers for exterior damage and note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.)
4. Sign and date the bill of lading/packing list
5. Remove the packing slip from each box/container
6. Compare the description and quantity of goods per the purchase order to the packing slip
7. Examine goods for physical damage
8. Count or weigh items, if appropriate, and record the counts on the purchase order or purchase request form
9. Packing slip/bill of lading shall be signed by person making inspection verifying condition of order and noting any discrepancies
10. All paperwork shall be attached to the white copy of the purchase request form or purchase order then sent to central office to the Program Director or designee to be approved for payment before being forwarded to the accounting department for payment
11. If there is no packing slip, receiver of goods should write a note or email the Accounting Department stating date shipment was received, sign it, and send to central office as in step 10.

This inspection must be performed immediately upon receipt to facilitate prompt return of goods and/or communication with contractors and the accounting department

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: POLITICAL INTERVENTION</p>	<p>EFFECTIVE DATE: October 1, 2013</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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B. POLITICAL INTERVENTION

Prohibited Expenditures

Consistent with its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, CMCA 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 in periodicals) that support or oppose candidates for public office
5. Expenditures for the placement of political advertisements in periodicals

Endorsements of Candidates


Central Missouri Community Action will not 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 CMCA, when these individuals are acting on behalf of, or are otherwise representing, the Agency.

Individual vs. Organization Intervention

The preceding policies prohibiting acts of political intervention apply to the organization and to individuals acting on behalf of the organization. It does not apply to the personal lives of employees and volunteers of the organization, who have the right to support or oppose political candidates and parties as individuals. Employees and volunteers of Central Missouri Community Action who engage in political activities outside the scope of their employment with or service to the Agency shall at all times be mindful of maintaining a clear distinction between personal activities and those which can be attributed to the Agency.

Prohibited Use of Agency Assets and Resources

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

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: LOBBYING</p>	<p>EFFECTIVE DATE: October 1, 2013</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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C. LOBBYING

Introduction

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

Definition of Lobbying Activities

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

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

1. The communication refers to specific legislation (legislation that has been introduced or a specific legislative proposal that the Agency supports or opposes), and
2. The communication reflects a view on the legislation (supporting or opposing it).

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

Segregation of Lobbying Expenditures


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

Accordingly, CMCA will segregate all direct and indirect lobbying expenditures in a separate section of the chart of accounts in the general ledger if it occurs. Where appropriate, lobbying expenditures shall also be allocated their fair and reasonable share of employee benefits and other indirect costs in accordance with cost allocation policies described elsewhere in this manual.

Lobbying Election

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

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

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: CHARGING OF COSTS TO FEDERAL AWARDS</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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D. CHARGING OF COSTS TO FEDERAL AWARDS

Overview

Central Missouri Community Action charges costs that are reasonable, allowable, and allocable to a Federal award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to ensure 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 as needed by the Program Director, Finance Director and staff, for costs specifically allowable or unallowable.
2. Program Directors and Accounting personnel shall be familiar with the allowability of costs provisions of OMB Circulars, "Cost Principles for Non-Profit Agencies," particularly:
 - a. The list of specifically unallowable costs found in Selected Items of Cost, such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
 - b. Those costs requiring advance approval from Federal agencies in order to be allowable in accordance with Selected Items of Cost, such as foreign travel, equipment purchases, etc.
3. No costs shall be charged directly to any Federal award until the cost has been determined to be allowable under the terms of the award and/or OMB Circulars.
4. For each Federal award, an appropriate set of general ledger accounts (or account segments) shall be established in the chart of accounts to reflect the categories of allowable costs identified in the award or the award budget.
5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to a Federal award or to activity associated with a Federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e., if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit).

Criteria for Allowability

All costs must meet the following criteria in order to be treated as allowable direct or indirect costs under a Federal award:

1. The cost must be “reasonable” for the performance of the award, considering the following factors:
 - a. Whether the cost is of a type that is generally considered as being necessary for the operation of the Agency 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 reasonable prudence in the circumstances;
 - d. Consistency with established policies and procedures of the Agency, 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 Agency, except where a direct relationship to any particular program or group of programs cannot be demonstrated.
3. The cost must conform to any limitations or exclusions of OMB Circulars 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 Agency.
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.

Direct Costs

Direct costs include those costs that are incurred specifically for one award or non-Federal function. CMCA 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 Program Director and reviewed by the Finance Director.

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

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

Indirect and Joint Costs

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

Examples of indirect costs are:

- The Accounting Department
- The Human Resources Department
- The Board of Directors
- The IT Department

Examples of joint costs are:

- Shared space
- Vehicle insurance

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

Indirect Cost Rate

Central Missouri Community Action maintains an annual indirect cost budget. Each year a new indirect cost proposal is prepared and submitted to CMCA's Cognizant Agency for approval. The indirect cost rate approved is used when determining the overhead applied to each Federal award. The Cognizant Agency is the Federal agency responsible for negotiating and approving indirect cost rates for non-profit organizations on behalf of all Federal agencies.

Examples of the types of expenditures normally included in the indirect cost pool are:

1. General administration
2. Salaries and benefits of the executive officers, accounting and administrative personnel
3. 4. Office rent and maintenance
5. General office repairs and maintenance

These rates are submitted to CMCA's Cognizant Agency and will be binding on all other Federal agencies and their contracting officers unless specifically prohibited by statute.

Central Missouri Community Action may develop its indirect cost proposal and submit it to the Cognizant Agency within six months after the Agency year-end. At the Agency's fiscal year-end when the audit has been completed, the indirect cost proposal shall be prepared. The total Agency's costs are 1) separated for the base period either into direct or indirect, 2) divided by the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate expressed in a percentage which is used to distribute indirect costs to individual awards. This document is submitted to the Cost Allocation division of our Cognizant Agency, Department of Health and Human Services in Dallas Texas by the end of the sixth month. For a full

definition of indirect costs, indirect rates, negotiations and approval of rates, refer to OMB Circulars Cost Principles for Non-Profit Organizations.

Cost Allocation Plan

Direct and joint costs may be allocated to the benefiting programs using cost pools under the following methodology:

1. Costs will be allocated to all programs on an equitable basis regardless of any limits imposed by funding sources.
2. As much as possible, costs will be charged directly to benefiting programs.
3. All remaining shared costs will be allocated on the most meaningful measures. The following basis will be used: Facilities and related costs will be allocated based on square footage occupied **or** based on the number of employees at that facility benefiting the cost.
4. Program-related costs will be allocated based on relevant activity measures, such as number of meals served, number of children or clients.

Accounting for Specific Elements of Cost

Central Missouri Community Action shall utilize the following methods of charging specific elements of cost to Federal awards as direct or indirect costs:

Salaries and Wages – Salaries and wages shall be charged directly and indirectly based on the functions performed by each employee, as documented on each employee’s activity attendance report as follows:

Direct costs – The majority of the employees of CMCA charge their time directly since their work is specifically identifiable to specific grants or other (non-Federal) programs or functions of the Agency.

Indirect costs – The following staff charge 100 percent of their salary costs indirectly:

Accounting Staff
Human Resources Director
Administrative Services Coordinator
Executive Assistant

Mixed charges – The following employees may charge their salary costs to both direct and indirect activities:

Executive Director
Call Center Operators
Information Technology Director & Staff

Compensated absences (vacation leave earned, sick leave used, and holiday pay) are considered part of salary costs. The accounting system records salaries associated with compensated absences as a direct or indirect cost in the same manner that salary costs are recorded.

Employee Benefits – Central Missouri Community Action incurs costs for the following statutory and non-statutory employee benefits:

- FICA
- Unemployment insurance
- Worker’s compensation
- Health insurance

- Contributions to pension plan
- Life Insurance

The total cost of all of the preceding employee benefits shall be determined by adding the costs associated with each benefit. This total employee benefit cost shall then be allocated directly and indirectly in the same proportions as salaries and wages.

Since the CMCA accounting system tracks employee benefit costs by individual employee, such benefit cost shall be charged directly and indirectly in the same proportion as each individual's salary.

Occupancy Expenses – Monthly rent expense and related pass-through expenses shall be allocated directly and indirectly, based on approximate square footage of space utilized, as follows:

Direct costs – The cost of space occupied by staff whose salaries are directly charged to Federal awards is charged directly to those same awards.

Indirect costs – The costs of space occupied by staff whose salaries are indirectly charged is also charged indirectly. The cost of space for staff whose salaries are charged on a mixed basis (directly and indirectly) shall be allocated on a mixed basis in the same ratio as their salaries are allocated.

The cost of space associated with common areas, such as hallways, restrooms, and conference rooms, shall be based upon the square footage occupied and charged in the same proportion as the direct costs.

Utilities – Utilities costs include heating, cooling, garbage collection expenses and water. Such utilities costs shall be charged directly and indirectly in the same proportion as occupancy costs.

Food – Food costs shall be directly charged to the Federal Programs. Food for staff meetings is unallowable unless the meeting is the majority of the business day, with the exception of Board and Policy Council Meetings.

Supplies and Materials – To the maximum extent possible, office supplies and materials are charged directly to the grant or program/function that uses the supplies or materials, based on the completion of a supplies usage form. All supplies and materials used by staff that are engaged in indirect activities shall be charged indirectly unless costs can be directly associated with a program. For costs incurred in shared space, expenses shall be charged in the same proportion as occupancy costs or in a cost pool method to the extent possible.

Postage and Shipping – To the maximum extent possible, postage and shipping costs shall be charged directly to the grant or program/function that benefits from the postage or shipping costs, based on the postage log kept near the postage machine and the UPS/FedEx shipping logs.

Photocopying and Printing – Photocopying costs include all paper and copy supplies, copier maintenance charges and the actual lease cost of the copier. Photocopying costs shall be charged directly and indirectly based on the user codes input into the copier prior to making photocopies or by using copier log sheets. All printing costs are charged directly to the benefiting grant or program/function.

Communications – Communications costs include the costs of local telephone service and long-distance telephone charges, including charges associated with telephone calls, facsimile transmissions, Internet and cell phones.

Local telephone service costs are charged directly and indirectly based upon the number of telephone units assigned to CMCA. Each telephone unit is identified to either a direct or an indirect activity, as determined annually (or more often if major changes occur) based on an approximation of time charges of employees associated with each telephone unit. No telephone units shall be charged as mixed-use units due to the immateriality of the costs involved. For example, if CMCA has 100 telephone units and 15 of those units are assigned to employees who work directly on a particular grant, 15 percent of each month's local telephone service costs shall be allocated to that grant.

Long-distance telephone calls are charged either directly or indirectly based upon whether a direct or indirect activity benefits from the transmission. User codes are available on most telephone systems throughout the Agency, which facilitates the charging of expenses to the correct program.

Outside Services – Central Missouri Community Action incurs outside service costs for its annual audit, legal fees, and for staff development and consulting. Outside service costs shall be charged as follows:

Audit fees – Cost of the financial statement audit and preparation of Form 990 shall be charged as an indirect cost. Additional audit costs related to that portion of the audit associated with OMB Circulars shall be charged directly to the audited programs, based on estimates received from the independent CPA firm.


Legal fees – Legal fees shall be charged directly to the program/function that benefits from the services. Legal fees that are not identifiable with specific direct grants or programs shall be charged indirectly.

Staff Development and Consultants – Costs associated with staff development and consultants shall be charged directly to the program/function that benefits from the services. Fees that are not identifiable with specific direct grants or programs shall be charged indirectly proportioned to programs, based upon programs employees primarily work.

Insurance – To the extent that insurance premiums are associated with insurance coverage for specific grants or programs, those premium costs shall be charged directly. All insurance costs that are not identifiable with specific direct grants or programs, such as the Agency's general liability coverage, shall be charged indirectly.

Other Allocations - Pro-rated to programs on a ratio basis at the time of usage.

Credits – The applicable portion of any credits resulting from cash discounts, volume discounts, refunds, write-off of stale outstanding checks, trade-ins, scrap sales or similar credits shall be credited directly or indirectly in the same manner as the purchase that resulted in the credit to the extent possible.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: ACCOUNTS PAYABLE MANAGEMENT</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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E. ACCOUNTS PAYABLE MANAGEMENT

Overview

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

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

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

1. Disbursements are properly authorized
2. Invoices are processed in a timely manner
3. Vendor credit terms and operating cash are managed for maximum benefits

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 system from approved invoices or disbursement vouchers with appropriate documentation attached.

Only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the vendor records.

Accounts Payable Cut-Off

At program year-end and Agency fiscal year-end, an accounts payable cut-off is established and may be extended to allow for expenses to be recorded in the proper year. The length of the extension will be at the discretion of the Finance Director and in some cases may involve consultation with the funding sources.

Establishment of Control Devices

The Accounting Department Staff establishes control of invoices as soon as they are received. Contractors will be instructed to mail all invoices directly to the Accounting Department.

Upon receipt, each invoice shall be "date received" stamped by the person opening the Agency's mail and distributed to the Accounting Department.

Preparation of a Voucher Package

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

1. Vendor invoice (or employee expense report)
2. Packing slip (where appropriate)
3. Purchase Request or Purchase order as required by procurement policies
4. Any other supporting documentation deemed appropriate

Processing of Voucher Packages

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

1. Check the mathematical accuracy of the vendor invoice.
2. Compare the nature, quantity and prices of all items ordered per the vendor invoice to the purchase order/request and packing slip.
3. Document the general ledger distribution, using the Agency's current chart of accounts.
4. Confirm the review and approval of the Program Director (or their designee) associated with the goods or services purchased.

Approvals by Program or Department Directors or designated staff indicate their acknowledgement of satisfactory receipt of the goods or services invoiced, agreement with all terms appearing on the vendor invoice, agreement with general ledger account coding, and agreement to pay vendor in full. Approvals shall be documented with initials or signature of the approving individual. In the event of an extended absence that would result in a delay of payment, directors may assign a designee for signature approval.

Employee Expense Reports

Reimbursements for travel expenses, allowable 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 "Employee Business Travel"). All required receipts must be attached, and a brief description of the business purpose of trip or meeting must be noted on the form. Complete expense reports will be processed for payment in the next vendor payment cycle if received by noon on the Tuesday preceding the check run.

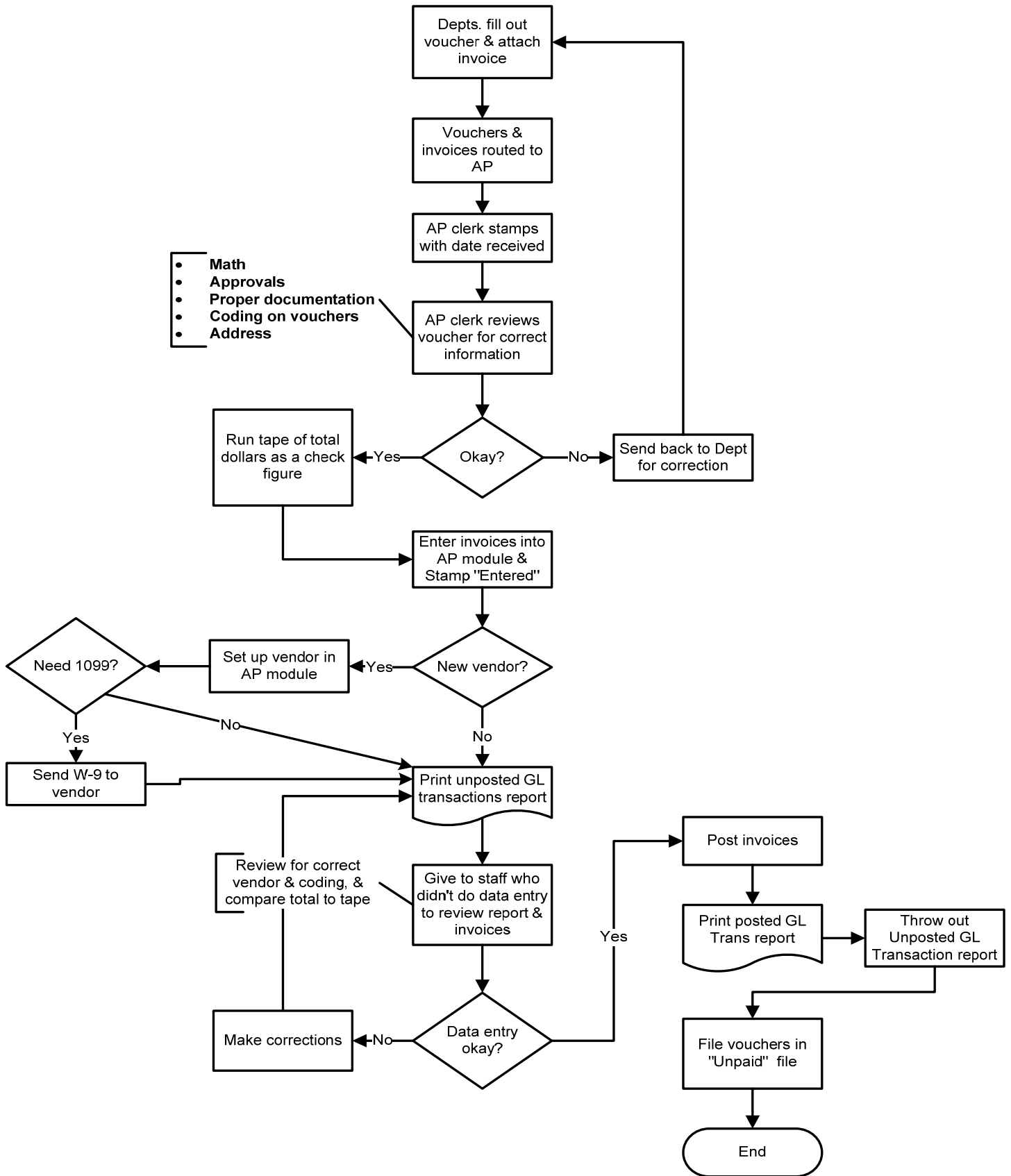
Management of Accounts Payable Vendor Master File

For contractors that will be paid a total of \$50,000 or less during the Agency's fiscal year, the vendor file data may be limited to the vendor name and address. However, for contractors to be paid more than \$50,000 during a fiscal year, the file should include all of the following data:

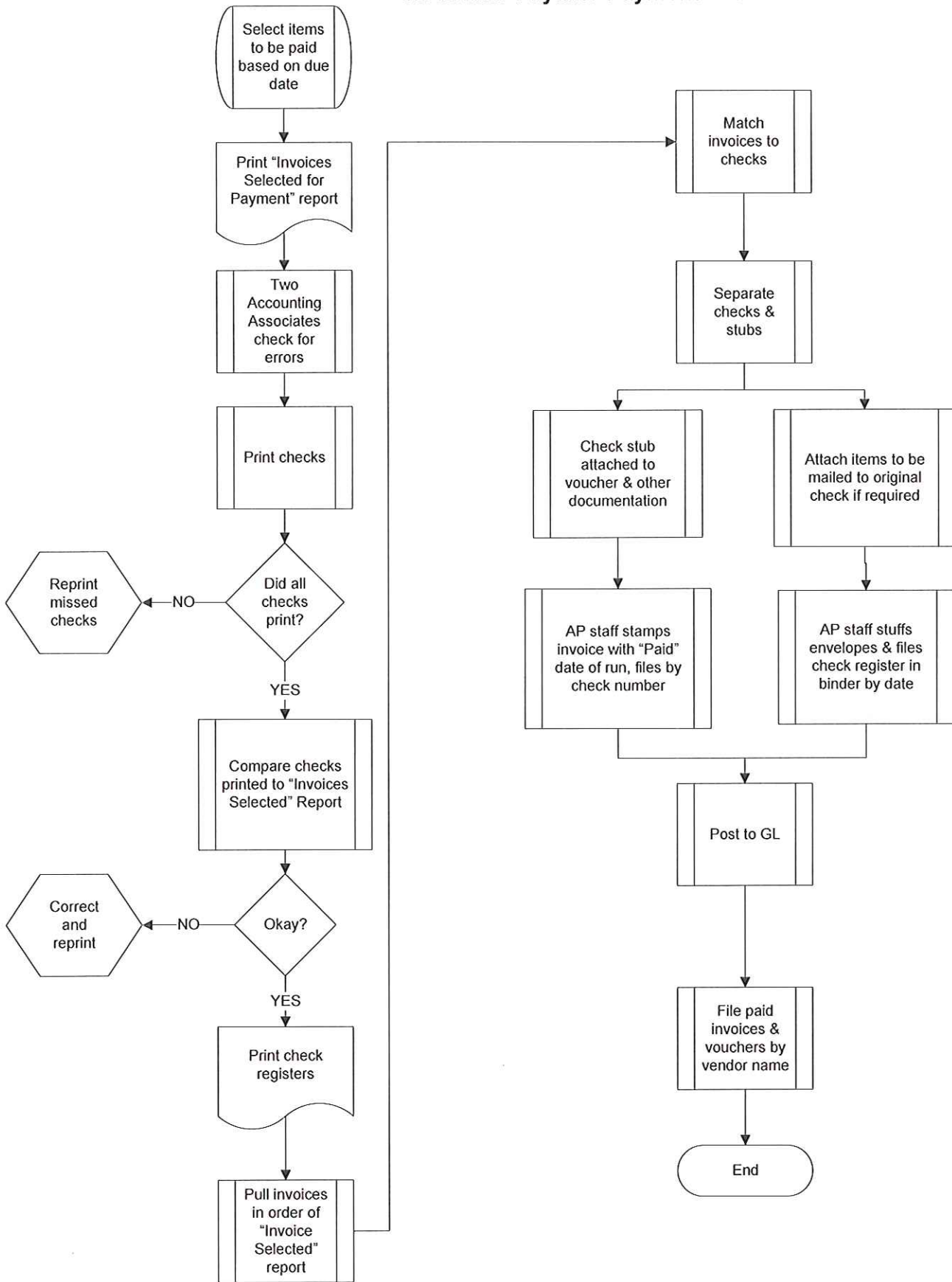
1. Vendor's legal name and any DBA name(s)
2. Street address (payments may be mailed to a P.O. Box, but a street address must be in the file)
3. Federal employer identification number or social security number
4. Telephone number
5. Fax number (if available)
6. Contact name

Vendor files are reviewed annually at the time of 1099 preparation. Any irregularities noted in connection with the preceding review shall be reported to the Finance Director and the Chair of the Agency's Audit Committee.


Accounts Payable Process



Accounts Payable Payment Process



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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: TRAVEL PROCEDURES</p>	<p>EFFECTIVE DATE: Januray 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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F. TRAVEL PROCEDURES

The following travel procedures cover the circumstances under which business-related travel expenses are reimbursable; the steps to follow to request reimbursement; and the documentation required for all business expense reimbursement requests.

In the context of this procedure, the following definitions apply:

- Employee - includes paid staff, Board members, Council members, volunteers, and any other individual whose travel is to be paid by the Agency
- In-Area Travel is defined as business related travel within the Agency's eight county service areas, and travel within the state of Missouri for routine Agency business that does not require an overnight stay
- Out-of-Area Travel is defined as any official travel to destinations outside the Agency's eight county service areas or usual and customary business-related destinations and any travel that includes an overnight stay

Employee Business Travel

Employees will be reimbursed for allowable expenses incurred in the course of performing work on behalf of the Agency. In order to receive reimbursement, prior authorization to incur expenses must be obtained. Expense reimbursements are subject to the conditions established by budgets and by the policies of Agency funding sources.

Reimbursement for business travel will be provided for the most direct route and using the mode of transportation that is most cost-effective, including carpooling when appropriate. Departures from these guidelines due to employee preference or due to combining personal activities with business-related activities are permitted, but the employee must pay all additional expenses attributable to personal preference or activities.

The Agency will not reimburse employees for travel between home and assigned work station(s). When business travel begins or ends at the employee's home, travel will be reimbursed to the home destination/origin only if it is a shorter distance than if the travel originated and/or terminated at the normal work station.

Reimbursement for meals or incidental expenses incurred in the employee's normal working area or during same-day travel is not routinely reimbursed. Any exception to this practice will require the advance approval of the Executive Director or designee.

Agency staff has standing authorization for in-area business travel. Employees will use an Agency-owned vehicle for business travel when such a vehicle is available and appropriate for the travel purpose. Further,

carpooling with other employees traveling to the same area is encouraged and may be required in specific instances. Reimbursement will be provided for only one vehicle in such cases.

Spouse/Partner Travel

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

Reimbursable Travel Expenses

The actual costs of lodging, commercial transportation, conference fees, and incidental expenses will be paid when an employee is on a business-related trip where the destination is outside the Agency's service area and an overnight stay is necessary. Extraordinary expenses, car rentals, etc., must be approved in advance of the travel. Other incidental expenses such as internet access, parking fees, tolls, shuttle or taxi fares, etc. incurred while on travel status and necessary to the conduct of business are also reimbursable. Receipts are required. Employees must include agendas, meeting handouts or other documentation with the travel reconciliation form submitted after return from any overnight travel. The reconciliation is due within five (5) business days.

Lodging, meals and incidental expenses will be reimbursed during out-of-area business travel according to the Federal Travel Regulations.

The employee may claim a per diem rate for meals and incidental expenses while on overnight travel status. In such instances, receipts for meals will not be required. The maximum amounts allowed for reimbursement of meals will be consistent with Federal Travel Regulations. Per diem meal and incidental expense allowances will be provided during overnight travel in the following increments:

Breakfast 20% of the per diem Lunch 30% of the per diem Dinner 50% of the per diem

Per diem rates are determined by either the city, county or state where the travel takes place - refer to the GSA website www.gsa.gov for the current reimbursement rates.

On the first and last day, meals will be reimbursed at 75% of the per diem. The cost of any meal included in a registration fee or which is otherwise paid for by the Agency in advance, is not separately reimbursable to the employee. If the employee chooses not to eat the covered meal, it is only reimbursable for dietary restrictions or religious beliefs. For purposes of deduction from allowable travel expenses, the specific meal allowance as provided in the scale above will be deducted from the employee's travel reimbursement for the covered meal. If a meal is provided at the conference on the first or last day of the conference, the meal will be reduced by the above percent applied to the 75%. For Example:

If the per diem is \$39 a day and Day 2 lunch was provided and Day 4 breakfast was provided the allowable reimbursement would follow the following example.

	Breakfast	Lunch	Dinner	Total
Day 1				\$29.25 (75% of \$39)
Day 2	\$7.80	x	\$19.50	\$27.30
Day 3				\$39.00
Day 4	x			\$23.40 (reduced by 20% of the 75%)

Board members and policy council members will be reimbursed for travel to and from meetings and other official business for which they traveled on behalf of the Agency or they can donate the travel as an In-kind donation.

Travel-Related Forms

The following forms are used for business-related travel:

Reimbursement for In-Area Mileage is used for local, routine travel and should be turned in monthly. The form must be properly and completely filled out before reimbursement can be made. Reimbursement is typically made as a separate check issued by the Accounting Department.

Authorization of Official Travel is a two (2) page multi-purpose form that is used to have out-of-area travel authorized; to request a travel advance, and to reconcile travel expenses upon return. The authorization portion of the form (page 1) is to be completed at least five (5) days before your intended travel. If you are also requesting a travel advance (front page), it must be submitted by Tuesday noon in order to receive your advance check on the Friday before the travel. An agenda or other form of documentation concerning the business nature of the trip must be attached, if available. If an agenda is not available prior travel, the purpose of the trip must be documented on the form.

Reconciliation of Official Out of Area travel – Part two (2) of the out of area travel form must be completed within five (5) business days of returning. Receipts are to be stapled to this form as stated above in paragraph one of “Reimbursable Travel Expenses”. Any money owed back to the agency must be submitted with the completed form and turned into the Administrative Services Coordinator at Central Office.

Board (FO09) and Policy Council Reimbursement Voucher is used for Board and Policy Council members to request reimbursement for travel to and from meetings and functions of the Board or Council. It is typically completed at the end of the meeting or event in question.

Volunteer Reimbursement is used for Policy Council members and Volunteers to request reimbursement for work related travel which has been pre-approved by their supervisor. It is typically completed at the end of the meeting or event in question.

Out-of-Area Travel

1. The employee will complete the Request and Authorization for Out-of-Area Travel form. A copy of meeting agendas or documents outlining meeting contents should be attached. If no agenda is available, the form should so state and the purpose of the trip must be noted
2. Competitive price bid(s) and purchase request(s) must also accompany any related expenses such as hotel, air fare, registration costs, etc. A competitive bid for lodging shall not be required when the meeting is purposefully associated with specific lodging, e.g. all meetings are held at the same location and event-related discounts are available.
3. The Program Director/Dept Head will sign the Request and Authorization for Out-of-Area Travel form and forward the form to the Accounting department.

The Request and Authorization for Out-of-Area Travel form must be submitted to the Accounting department regardless of whether an advance is requested or not.

Travel Advances

Funds will be advanced for upcoming travel only upon receipt of a completed and properly approved request for travel advance. Travel advances are generally limited to \$400 unless there is a verified need for additional funds. Travel advances are to be used only for the purpose intended. Travel expenses are to be made in accordance with the Agency’s travel policies as explained later in this section.

Employees and Board members receiving travel advances are required to sign for the advance signifying their acknowledgement of, and agreement to, these policies. Employees and Board members receiving travel advances must submit an expense report within 5 business days of returning from travel. Any outstanding advances more than 30 days old maybe deducted from the employee's next paycheck. Additional travel advances will not be issued to employees or Board members until the outstanding advance has been reconciled and any money owed to the Agency is paid. In the event there is a dispute on the reconciliation, approval by the Finance Director and Executive Director must be obtained before an additional travel advance can be issued.

At the conclusion of a CMCA 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 reimbursed mileage and per diems, all business expenses must be supported with invoices/receipts.
3. Vendor receipts/invoices must be submitted for all lodging and any expenditure other than meals. Credit card charge slips do not represent adequate supporting documentation – a hotel receipt must be obtained to substantiate all lodging expenditures.
4. For airfare, airline-issued receipts should be obtained. If a traveler fails to obtain a receipt, other evidence must be submitted indicating that a trip was taken and the amount paid (for example, a combination of an itinerary, a credit card receipt, and boarding passes).
5. Mileage may be reimbursed at the rate currently in effect at the Agency.
6. The business purpose of each trip must be adequately documented on each report.
7. General ledger account coding must be identified for all expenditures.
8. All expense reports must be signed and dated by the employee.
9. All expense reports must be approved by the employee's Program Director or the Executive Director.
10. 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. If the expense report results in a balance due to CMCA (as a result of receiving a travel advance greater than actual business expenditures), the employee must attach a check, money order or cash and submit to the Administrative Services Coordinator to log in the cash receipts ledger.

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

Reasonableness of Travel Costs

Central Missouri Community Action shall reimburse travelers only for those business-related costs that are reasonably incurred. Accordingly, the following guidelines shall apply:


1. Suites and other upgraded rooms at hotels shall not be allowed. Travelers should stay in standard rooms.
2. Ask hotels for any available discounts – nonprofit, government or corporate rates.
3. When utilizing rental cars, travelers should rent midsize or smaller vehicles. Rental cars should be shared whenever possible.
4. Business-related long-distance telephone calls while away on business travel are permitted, but should be kept to a minimum. Expense reports should explain long-distance charges.
5. Avoid using the hotel's long-distance service if possible.
6. Foreign travel charged to Federal grants must be approved in writing by the funding source prior to travel.

Special Rules Pertaining to Air Travel

The following additional rules apply to air travel:

1. Air travel should be at coach class or the lowest commercial discount fare at the time the ticket is purchased except when this fare would:
 - a. Require circuitous routing
 - b. Require travel during unreasonable hours
 - c. Excessively prolong travel
 - d. Result in additional costs that would offset the transportation savings, or
 - e. Offer accommodations not reasonably adequate for the traveler's medical needs.
2. First class air travel shall not be reimbursed unless there is a documented medical reason, and such use must be documented.
3. Memberships in airline flight clubs are not reimbursable.
4. Cost of flight insurance is not reimbursable.
5. When 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 and beyond the employee's control (such as changed meeting dates, etc.). To receive reimbursement for such costs, approval must be obtained from the Program Director or Executive Director.
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., CMCA will not reimburse for the personal legs of a trip.)

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: CASH DISBURSEMENTS (CHECK-WRITING) POLICIES</p>	<p>EFFECTIVE DATE: January 1 , 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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G. CASH DISBURSEMENTS (CHECK-WRITING) POLICIES

Check Preparation

Central Missouri Community Action prints vendor checks and expense reimbursement checks generally on a weekly basis. Checks that are to be issued must have all necessary documentation complete and in the accounting mailbox by noon on the Tuesday preceding. Checks shall be prepared by persons independent of those who initiate or approve expenditures, as well as those who are authorized check signers.

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

1. Expenditures must be supported in conformity with 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.
3. Generally, all contractors shall be paid within 30 days of submitting a proper invoice upon delivery of the requested goods or services unless other terms or contracts exist.
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. (See Purchasing Policies and Procedures)
6. Checks shall be utilized in numerical order and unused checks are stored in a locked location.
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, vendor invoices and other supporting documentation shall immediately be marked "paid" in order to prevent subsequent reuse.
10. Checks to be held at Central Office for pick-up must indicate that on the check request.

Check Signing

All checks require a single signature. No check shall be signed prior to the check being completed in its entirety (no signing of blank checks).

Generally checks shall be signed mechanically or in person by an individual other than the one who approved the transaction for payment. This may not be feasible, however, on checks payable to the Executive Director, who can sign checks.

A list of authorized check signers is on file in the Accounting Department and at the Bank and available upon request.

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. The Finance Director will review all check runs and supporting documentation, and initial approval. The Executive Director/Deputy Director will review all check runs and supporting documentation for checks over \$500 and initial approval.

Mailing of Checks

Checks shall not be mailed by or returned to 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. The following procedure applies:

1. Payee should notify the accounting department as soon as payment has been determined to be lost, stolen, mutilated or otherwise deemed non-negotiable. . Checks should be reported to the respective accounting staff.
2. In the event a check has been reported stolen or lost, the accounting staff person will immediately contact the bank and search to verify the check has not cleared the bank. If it has not cleared, a stop payment will be placed on the check. If notification occurs during non-banking hours, the "stop payment" will be requested at the next earliest opportunity.
3. When original checks cannot be recovered, a waiting period of ten (10) calendar days from the date of the check must occur prior to the accounting office placing a "stop payment" with the bank and issuing a replacement check. The purpose of this waiting period is to allow adequate U.S. Postal Service mail time for delivery and/or the banking institutions processing time through clearing house procedures in the event the check has been inadvertently negotiated.
4. If the original check comes into the possession of the payee after the accounting office has already been notified of its missing status, the payee should immediately notify the original accounting staff person for handling instructions. If stop payment has not been requested on the check, the accounting staff person will verbally authorize the intended use of the original check. If stop payment has been issued, the original check cannot be negotiated and the original check should be returned to the Agency.
5. All stop payments must be processed by the Finance Director or designee and submitted to the banking institution. This process may be done in conjunction with issuing a replacement check, but never after the replacement check is issued.
6. All documentation on the replacement check must have the following comment: "Replaces check number _____ issued in lieu of check number _____" and a reason.
7. The entry in the check register for the addition back in of the original check should indicate the check was "void" or "stop payment" with the date and the amount.
8. A journal entry is made to record the stop payment and any related bank fees.
9. Void checks should have the date and the reason the check was voided written on the face of the check.

Recordkeeping Associated with Independent Contractors

Central Missouri Community Action shall obtain a completed Form W-9 or equivalent substitute documentation from all contractors to whom payments are made (see "Accounts Payable Management" policies). 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.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: CREDIT CARDS</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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H. CREDIT CARDS

Issuance of Corporate Credit Cards

Central Missouri Community Action Department Directors may request a corporate credit card by contacting the Accounting Department to receive an application form. They must first have written approval from the Executive Director. The Board Chairman will approve the issuance of a credit card for the Executive Director. Cardholders will be required to sign a statement acknowledging that the card shall be used exclusively for legitimate Agency-related business purposes and that the cardholder agrees to take reasonable precautions to protect the card from loss or theft by storing it in a secure location. Charges on the credit card are to be related to Central Missouri Community Action only. Upon approval from the credit card company, a card will be issued bearing the names of both the individual and CMCA.

Cardholder Responsibilities

Each month the Accounting Department is provided with a master credit card statement along with individual statements for each corporate credit card. These statements detail the expenditures that were charged to the cardholder's corporate credit card. The Accounting Department staff will compare purchase orders and purchase requests to the master credit card statement and indicate purchasing compliance with a check mark next to the each charge. Cardholders must reimburse the Agency for any inadvertent personal charges within the same three-day period.

If there are unauthorized charges or discrepancies on the credit card the individual cardholder is responsible for contacting appropriate parties to research the origin of the charge and resolve the problem. Results of research shall be documented and shared with the accounting department immediately. If needed the Accounting staff will then contact the credit card provider about the documented discrepancy.

Any fraudulent charges shall be immediately pointed out to the Finance Director for further investigation with the credit card provider. Charges remaining unresolved will be forwarded to the cardholder's immediate supervisor for appropriate action. See the policy on suspected misconduct and the procedures to be followed.

Personal use of corporate credit cards is strictly prohibited. Any personal use will subject the employee to the Agency's disciplinary actions discussed earlier in this manual and in the Employee Handbook.

Upon separation or termination from the Agency, credit cards are returned to the Accounting Department as part of the exit interview. The card number will be cancelled with the credit card company and the card will be destroyed. The cardholder remains responsible for the unbilled activity on the account up through the day the card is cancelled.

Central Missouri Community Action requires the following review and approval procedures:

- Purchasing procedures were followed before purchases were made.
- Monthly statement is reviewed by the Accounting Department and cardholder, if necessary.
- Cardholder may designate use of the credit card to authorized staff on a purchase by purchase basis, but the cardholder will remain solely responsible for making sure proper purchasing procedures are followed.

Cardholders shall report the loss or theft of a corporate credit card immediately by notifying the credit card company (telephone number 1-800-445-9272 8:00 a.m. – 4:30 p.m. M-F or 1-800-556-5678 evenings and weekends) as well as the Finance Director.

Vendor Credit Cards


1. The Accounting Department must check out all vendor credit cards to employees.
2. Employees sign a custody receipt form approved by their supervisor.
3. All vendor credit card receipts and supporting documentation must be turned in to the Accounting Department before they will be paid.
4. The person making the purchase must sign all vendor receipts.
5. All employees making purchases with their vendor credit card must follow the Agency's purchasing procedures.
6. The employee who signs out or has signed custody of the card assumes all responsibility for that card including safekeeping and liability for charges incurred until the card is returned.
7. Central office cards are kept in the Accounting Department and signed out.
8. Employees signing out Central Office vendor credit cards must return them to the Accounting Department within twenty four hours.

Gasoline Credit Cards

1. All gasoline credit cards must be locked in the Agency bus or van at all times.
2. Gasoline credit cards may only be used to purchase gas or oil for Agency vehicles.
3. When making a gasoline purchase using a gasoline credit card or open account the driver must attach a signed receipt to a vehicle log. The vehicle log includes: a vehicle number or description of the vehicle, the per gallon price of the gasoline, the amount of gallons of the gasoline, the total amount of the gasoline, a legible signature, and the odometer reading of the vehicle. Vehicle logs and receipts must be submitted weekly to the Accounting Department.

Revocation of Corporate Credit Cards

Failure to comply with any of these policies associated with the use of CMCA's corporate credit cards shall be subject to revocation of credit card privileges. The Finance Director, with the approval of the Executive Director, shall determine whether credit cards are to be revoked. The cardholder's supervisor will be notified of credit card misuse and appropriate disciplinary actions will be taken.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: PAYROLL AND RELATED POLICIES</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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I. PAYROLL AND RELATED POLICIES

Classification of Workers as Independent Contractors or Employees

Central Missouri Community Action considers all relevant facts and circumstances regarding the relationship between the Agency 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 CMCA and the individual. Facts that provide evidence of the degree of control and independence fall into three categories:

- Behavioral control
- Financial control
- The type of relationship of the parties

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

1. Behavioral control:
 - a. Instructions given by CMCA 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 CMCA 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 CMCA (greater investment associated with contractors).
 - c. The extent to which the worker makes services available to the relevant market.
 - d. How CMCA 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 CMCA and the individual intend to create.
- b. Whether CMCA 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 CMCA.

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 \$600 or more. The amount reported on a Form 1099 is equal to the compensation paid to that person during a calendar year (on the cash basis).

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

Payroll Administration

Central Missouri Community Action operates on a semi-monthly payroll for staff. The Agency requires all staff wages and Foster Grandparent volunteer stipend payments to be in the form of direct deposit. Direct deposit enrollment forms are to be completed immediately upon employment or volunteering. Specific instructions for direct deposit are detailed on the direct deposit enrollment form. Authorization for direct deposit of paychecks, along with a voided check or documentation from a financial institution indicating bank routing and account numbers, shall be kept by the Accounting Department. A personnel file is established and maintained by the Human Resources Director for all employees with current documentation, as described throughout this section and more fully described in CMCA's Employee Handbook.

The following forms, documents and information of all new employees shall be obtained maintained and kept in the Human Resources Department:

1. Central Missouri Community Action 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 MO-W-4 State Withholding Certificate
6. Form I-9 Employment Eligibility Verification (and two forms of ID from list below)
7. Copy of driver's license (if applicable)
8. Copy of Social Security card issued by the Social Security Administration
9. Starting date and scheduled hours
10. Job title and starting salary
11. Signed completed processing form

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 personnel 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

The following payroll procedures shall be followed to the greatest extent possible.

1. Changes to payroll master file data (rates of pay, adding employees, deleting employees, etc.) are to be performed by someone other than the person who processes payroll (enters hours worked and generates pay checks)
2. Changes will be documented in writing
3. Review of all changes to master payroll data by an independent person (Finance Director or designee).
4. Payroll processed by an individual who does not have the ability to make journal entries in the general ledger
5. Timely review of payroll by someone independent from payroll processing and employee master file data input (Finance Director or designee.)

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
7. Address Changes
8. Name Changes

Program Directors and/or designated supervisors shall be responsible for implementing the flow of information via processing form to the Human Resources Department within three working days of any implemented change. Some examples of implemented changes include new hires, resignations/terminations, changes in salaries or pay rates, probationary status, suspension, lay-off status, recall status, completion or extension of Initial Orientation status, change of supervisor, change of work location, and leave with pay during an investigation. Processing forms for new hires must be accompanied by the appropriate payroll information.

The Human Resources Department will route copies of processing forms to the Accounting Department by the timesheet due date to become part of the next payroll.

In the event of an agency initiated separation, the Program Director or designated supervisor will submit the processing form and documentation including final timesheet to the Human Resources Director prior to terminating the employee. The Human Resources Director will give the timesheet and a copy of the processing form to the Finance Director or designee so that a final paycheck may be issued at the time of separation. If the Human Resources Director is unavailable, the timesheet and a copy of the processing form may be given directly to the Finance Director or designee. The supervisor should ensure the Human Resources Director receives the processing form and any documentation related to the separation.

Voluntary payroll deductions and changes in income tax withholding status shall be authorized in writing by the individual employee. Those changes must follow the above schedule. Submission to the Human Resource Department is the responsibility of the individual employee for voluntary deductions. The individual employee should check his or her payroll payments to verify such deductions have been implemented and if the deductions have not they should immediately notify the Human Resource Department.

Periodically, adjustments need to be made to an employee's payroll for various reasons (salary and /or position changes during a pay period, employees starting or terminating in the middle of the pay period, etc.). Appropriate adjustments will be made by the initiated by the Human Resource Department.

Documentation of all changes in payroll data, with the exception of voluntary deductions, shall be maintained in each employee's personnel file kept in the Human Resource Department. A copy of the employee processing form and documentation showing changes to an employee's payroll record will be forwarded and kept within the Accounting Department's payroll maintenance records.

If an employee terminates during the pay period, they may be entitled to receive any accrued annual leave in addition to any wages due. This is computed by multiplying any accrued annual leave by the individual's hourly rate (divide yearly salary by 2080 to determine the hourly rate for salaried employees.) Retirement will not be calculated and paid out on any accrued annual leave.

Payroll Taxes

The Human Resource Department is responsible for ensuring all required Agency tax forms are properly completed and submitted. The Accounting Department will ensure that all required taxes are withheld and paid.

Central Missouri Community Action will obtain an updated Form W-4 from each employee claiming tax exempt in January of each year. Withholding of Federal income taxes shall be based on the most current Form W-4 prepared by each employee.

Activity/Attendance Reports

Central Missouri Community Action follows the guidelines in OMB Circulars, *Compensation for Personal Services*, as well as requirements in specific grants. Therefore, salaries and wages charged to Federal grants will be supported as follows:

1. Charges will be based on documented payrolls approved by responsible officials of the Agency.
2. Every staff member, whose compensation is charged, in whole or in part to Federal awards, will complete activity reports that account for the total activity for which the employee is compensated.
3. The reports will reflect an after-the-fact determination of the actual activity of each employee.
4. The reports must be signed by the individual employee or by a responsible supervisor who has first-hand knowledge of the activities performed by the employee. Authenticated electronic signatures are acceptable.
5. The reports will be prepared on the same basis as the pay periods.
6. Charges for non-exempt employees will also be supported by records required by the Fair Labor Standards Act.
7. Salaries and wages of employees used in meeting cost sharing or matching (in-kind) are supported in the same manner as salaries and wages charged to Federal awards.

Preparation of Activity/Attendance Reports

Each CMCA employee must electronically submit to the Accounting Department a signed and approved activity/attendance report no later than 12:00 noon on the scheduled submission date. A schedule, for all staff to follow, will be prepared annually of all payroll dates indicating deadlines for activity/attendance report submission. Activity/attendance reports shall be prepared in accordance with the following guidelines:

1. Each activity/timesheet shall reflect all hours worked during the pay period)
- 2.
3. Employees shall identify and record hours worked based on the nature of the work performed;
4. Compensated absences (vacation, holiday, sick leave, etc.) should be clearly identified as such;
5. Activity/attendance reports shall be prepared authenticated electronically by the employee prior to submission.

After preparation, Program Directors or their designees shall approve activity/attendance reports prior to submission to the Accounting Department.

Processing of Activity/Attendance Reports

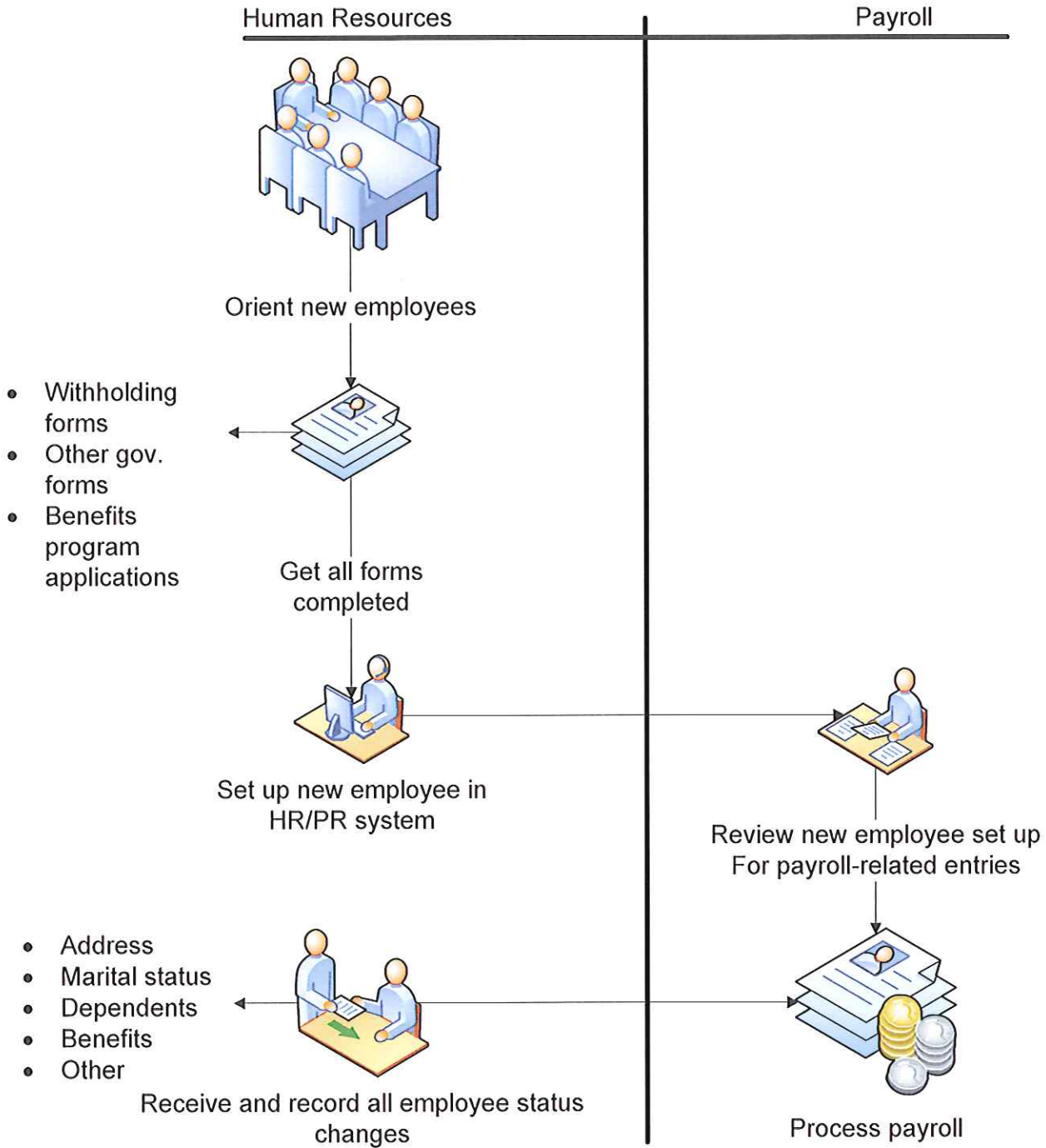
The supervisor will process the activity/attendance reports by checking them for mathematical accuracy, leave availability, and other clerical errors then enter all activity/attendance reports into the payroll system.

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

Review of Payroll

Upon production of all payroll reports, the Finance Director or designee reviews payroll prior to its distribution to employees. The Finance Director or designee shall sign the payroll register, indicating approval of the payroll.


Human Resources and Payroll Processes



Review and Approval of Senior Management Compensation

In connection with the salaries and benefits of senior management, a triennial study shall be conducted. The analysis of the Executive Director's salary and benefits shall be under the direction of the Executive Committee.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: CELL PHONES</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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J. CELL PHONES

Issuance of Cell Phone Stipends


CMCA recognizes that certain job functions require that an employee be accessible when away from the office or during times outside scheduled working hours. For this reason, the Agency will make available a cell phone stipend plan to select employees at the discretion of the Program Directors/Dept Heads. The stipend will be \$35 per month and will be paid through payroll.

Cell Phone Use

Employees of Central Missouri Community Action are prohibited from using a cell phone or similar device, hands-on or hands-free, while driving, whether the business conducted is personal or Agency-related. This prohibition includes receiving or placing calls, text messaging, accessing the Internet, receiving or responding to email, checking for or listening to voice messages, or any other uses.

Similarly, employees of Central Missouri Community Action are prohibited from using their personal cell phone or similar device for business or employment purposes, hands-on or hands-free, while driving either a company vehicle or a personal vehicle while on company business.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: CASH AND CASH MANAGEMENT</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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IV. POLICIES PERTAINING TO SPECIFIC ASSET ACCOUNTS

A. CASH AND CASH MANAGEMENT

Cash Accounts

General Checking Account (operating account):

The primary operating account provides for routine business check disbursements. Generally, all grant cash and credit card deposits are made to this account. Some grants have cash separated in their own bank accounts either because of the accounting software needs or because of the nature of the award.

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.

In addition, all advances of Federal funds shall be deposited in interest-bearing accounts and interest earned on advances in excess of \$500 shall be returned to the awarding agency.

Payroll Account:

The payroll account is separate from the operating account. The payroll account is a zero balance account. As such, only the amount needed to cover each payroll is transferred into this account from the operating account, based on the amount calculated.

Transfers between accounts are initiated by the Finance Director or Designee and approved by an authorized signature.

Authorized Signers

The following CMCA personnel are authorized to sign checks drawn on agency accounts:

- Executive Director
- Deputy Director
- Administrative Services Manager
- Board President

Board Treasurer
Board Vice President
Board Secretary

Finance Director will promptly notify the Agency's financial institutions of changes in authorized signatures upon the departure of any authorized signer. Refer to the section titled "Check Signing" for procedures.

Local Bank Accounts

Opening new accounts shall have the approval of the Executive Director in the form of a resolution from the bank. A copy of all resolutions will be kept in the Accounting Department.

Bank Reconciliations

Bank account statements are received electronically in the Accounting Department each month unopened with a "date stamp" indicating the date received. The Accounting staff who have no control of the checkbook shall open the statement and review its contents for unusual or unexplained items, such as unusual endorsements on checks, indications of alterations to checks or check images, etc. Unusual or unexplained items shall be reported immediately to the Finance Director.

After this review is complete, a reconciliation between the bank balance and general ledger balance is prepared by someone who is not an authorized check signer or has control of the checkbook. The bank reconciliation process should be completed within two weeks of receipt of each bank statement.

The reconciliation process shall involve an inspection of the fronts and backs of cancelled checks returned with the bank statement. The purpose of this inspection is to identify signs of forgery, altered or substitute checks, unusual endorsements, or other signs of fraudulent activity. If the Agency's financial institution does not return original cancelled checks or paper copies thereof, the person preparing the monthly bank reconciliation shall view electronic copies of cancelled checks provided by the financial institution.

All bank reconciliations, including any adjusting journal entries resulting from preparing bank reconciliations, are reviewed by the Finance Director on a monthly basis.

Bank reconciliations, cancelled checks, and copies of resulting journal entries are filed in the current year's accounting files. Bank statements are filed by like accounts together in a file in the Accounting department or in storage for the record period.

Cash Flow Management

The Finance Director 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.

Central Missouri Community Action adheres to the requirements of its grants which may prohibit loaning funds between programs, therefore cash management and reporting is performed at the program level as well as for the Agency as a whole.

The Agency shall have collateral security from the financial institution for the amount on deposit in excess of the threshold.

Stale Checks

Central Missouri Community Action will write off checks of \$1,000 or less that are more than 6 months old that have not cleared the Agency's bank. For uncashed checks that are more than 6 months old and that exceed \$1,000, contact will be made with the payee to resolve the issue.

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, the credit shall be to miscellaneous income.

Central Missouri Community Action will also comply with the Missouri state laws regarding unclaimed property. Accordingly, if uncashed checks are subject to a state reporting and transfer requirement, the Agency shall file all appropriate forms and remit unclaimed property to the appropriate jurisdiction.

Petty Cash

Central Missouri Community Action will provide imprest funds for valid, minor office expenditures (not for travel for employee advances), and to periodically replenish these funds up to its authorized balance. The Petty Cash Custodian is responsible for ensuring that the petty cash fund is locked at all times. Petty Cash balances may vary from \$25 to a maximum of \$300 based upon the size of the program and need. Records of the Petty Cash balance will be maintained in the Accounting Department by program.

All disbursements from the petty cash fund must be accompanied by a completed and approved petty cash voucher. Receipts are required for all disbursements from petty cash.

The Petty Cash Custodian shall prepare a reconciliation of the petty cash account on a periodic basis. Petty cash reconciliations are subject to review by the Finance Director or designee, who may also perform periodic surprise cash counts and reconciliations. Any discrepancies will be the financial obligation of the Petty Cash Custodian. Petty Cash accounts will also be balanced at the end of the Agency fiscal year end and the program year end to ensure all expenses are recorded in the proper grant year.


At the departure of the Petty Cash Custodian, the petty cash account must be reconciled and balances relinquished to their Program Director or the Finance Director before the final pay of any unused annual leave is paid.

Wire Transfers

The Finance Director and the Financial Operations Specialist (and in emergency situation the Deputy Director) shall be the only CMCA employees authorized to transact wire transfers from CMCA bank accounts. To prevent anyone other than the Finance Director and the Accountant from transacting wire transfers, a system shall be employed that requires the use of pass codes within the online banking

system. Pass codes, issued only to the Finance Director and Accountant, are assigned by the bank and are changed periodically.

Confirmations of all wire transfers are delivered to the accounting staff responsible for the maintenance of the checkbook where it will be reviewed and recorded. Any discrepancies shall be reported to the Finance Director immediately for correction with the banking institution.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: INVENTORY OF MATERIALS</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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B. INVENTORY OF MATERIALS

Description of Inventory

Central Missouri Community Action maintains an inventory of materials used for home weatherization and rehabilitation, bulk supplies, computer and networking repairs.

Accounting for Inventory

Central Missouri Community Action accounts for purchased inventory items at cost, using the first-in, first-out method of valuation. Unit cost shall be computed by adding freight, insurance and other shipping costs to the actual cost of purchased inventory, dividing this total amount by the number of units purchased.

Physical Counts


A physical count of inventory will be performed on a bi-annual basis. Any inventory items that appear damaged, obsolete or otherwise unable to be sold or used shall be excluded from the counts. A detailed record of the physical count shall be kept by the individuals involved in taking the inventory.

At the conclusion of the physical count, the inventory count sheets shall be extended by applying the most recent unit costs to the physical quantities of each item on hand. The general ledger balance shall be adjusted to reflect the total inventory on hand as determined by the physical count.

Contributed Inventory

Inventory items donated to CMCA shall be recorded as assets of the Agency at the fair market value as of the date of the contribution, unless the Agency is acting as an agent in connection with a contribution by a donor through the Agency to another charity specifically identified by the donor. Contributed inventory items shall be subject to the same physical counting and other policies as purchased inventory items.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: PREPAID EXPENSES</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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C. PREPAID EXPENSES

Accounting Treatment

Central Missouri Community Action treats payments of expenses that have a time-sensitive future benefit as prepaid expenses and will amortize these items over the corresponding time period.


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 vendor invoices shall be reviewed for the existence of time-sensitive future benefits. If future benefits are identified, the payment shall be coded to a prepaid expense account code.

The Accounting 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/annual amortization amounts. This schedule shall be part of the monthly reconciliation of the general ledger accounts.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: INVESTMENT POLICIES</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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D. INVESTMENT POLICIES

Introduction

Central Missouri Community Action treats all assets of the Agency, including those funds that are legally unrestricted, as though they are held in a fiduciary capacity for the purpose of accomplishing the Agency'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 shall be those of a prudent investor.

Funds to be invested do not include those from Federal awards. Such funds will be spent on program requirements as budgeted, or returned to the awarding agency. Any advances of Federal funds will be maintained in an interest-bearing account. Interest earned of \$500 or more on such funds will be allocated to federal grants based on a percentage of funds received during the month.

Delegation of Authority

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

The Finance Committee is authorized, at their discretion, 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

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

Excess non federal funds available for investing shall be used to pay down interest bearing debts prior to investing such funds. Consideration should also be given to other agency priorities or projects when considering the investment of funds.

Allowable Investments

Investments of CMCA 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. Money market funds that invest in securities approved under these guidelines.

Central Missouri Community Action shall not engage in margin transactions, short selling, commodity transactions or use of derivatives.

Diversification

No more than ten percent of the investments of CMCA 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 CMCA shall initially be recorded at their fair market value as of the date of donation. Donated investments shall be recorded as unrestricted, temporarily restricted, or permanently restricted income and net assets based on the existence or absence of such restrictions, as defined earlier. Adjustments to the values will be made at least every six months if not quarterly based upon statements received from investment carriers.

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 CMCA and accurately reflect the current financial condition of the Agency:

1. The Finance Director shall maintain a schedule of investments and reconcile this schedule with the general ledger and with investment account statements. The schedule of investments shall include the following information with respect to each investment:
 - a. Date acquired or last renewed
 - b. Method of acquisition (purchase or donation)
 - c. Cost 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. Income received, year-to-date (i.e., interest, dividends, etc.)
2. The Finance Director and Investment Counselor shall prepare a schedule of investments for presentation to the Finance Committee and on an annual basis for the Board of Directors.
3. Investment policies shall be reviewed annually by the Finance Director and the Executive Director, working with the Finance Committee, to determine any appropriate modifications.
4. 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.

Accounting for Investments in Other Entities

Non-exempt entities in which the Agency possesses a greater-than-50-percent ownership interest shall be consolidated into the audited financial statements of the Agency. A non-exempt entity as used here means any for-profit entity that is not exempt from Federal income taxes, such as corporations, limited partnerships, LLPs, and LLCs, and that issues ownership or interests.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: PROPERTY AND EQUIPMENT</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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E. PROPERTY AND EQUIPMENT

Capitalization Policy

Physical assets acquired with unit costs in excess of \$5,000 are capitalized as property and equipment on the Agency's financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

If an awarding agency requires a lower amount for equipment, CMCA will adhere to that dollar amount only for that program or contract.

Capitalized property and equipment additions are accounted for at their historical cost and all such assets, except land, are subject to depreciation over their estimated useful lives, as described later.

However for grants, capitalized assets will be reported as expensed in the grant year if they were so budgeted in the grant application or prior approval has been obtained from the funding source before purchasing and depreciation will not apply.

Contributed Assets

Assets with fair market values in excess of \$5,000 per unit that are contributed to CMCA shall be capitalized as fixed assets on the financial statements. Contributed items with market values below this threshold shall be expensed in the year contributed.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets, except land, are subject to depreciation over their estimated useful lives, as described later.

Equipment and Furniture Purchased With Federal Funds

Central Missouri Community Action 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 \$5,000.

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

1. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to Federal awards.
2. For equipment or residual inventories of supplies with a remaining per unit fair market value of \$5,000 or less at the conclusion of the award, CMCA shall retain the equipment or supplies without any requirement for notifying the Federal agency.
3. If the remaining per unit fair market value is \$5,000 or more, CMCA shall gain a written understanding with the Federal agency regarding disposition of the equipment. This understanding may involve returning the equipment to the Federal agency, keeping the equipment and compensating the Federal agency, or selling the equipment and remitting the proceeds, less allowable selling costs, to the Federal agency.
4. The Program Director 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 CMCA.

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 or other identification number)
4. Source of the equipment, including the Federal award number, if applicable
5. Whether the title vests in the Agency or the Federal Government
6. Information to calculate the Federal share of the cost of the equipment, if applicable
7. Location of asset
8. Depreciation method
9. Estimated useful life

A physical inventory of all assets capitalized with a threshold exceeding \$5,000 will be taken at least once every two years by CMCA. 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 Finance Director.

Receipt of Newly-Purchased Equipment and Furniture

At the time of arrival, all newly-purchased equipment and furniture shall be examined for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the vendor immediately. It is the responsibility of the employee ordering the equipment or furniture to resolve matters with the vendor before payment is approved.

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 vendor immediately.

Depreciation and Useful Lives

All capitalized assets are maintained in the special property and equipment account group and are not included as an operating expense. Property and equipment are depreciated over their estimated useful lives using the straight line method.

In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month (Example: an asset purchased on the 15th day of the fifth month shall have eight full months of depreciation (eight-twelfths of one year) recorded for that year.)

Estimated useful lives of capitalized assets shall be determined by the Accounting 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	3 yrs
Major Computer software	2-3 yrs
Leased assets	life of lease
Leasehold Improvements	remaining lease term

Alternatively, at the direction of the Accounting Department, 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.

Changes in Estimated Useful Lives

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

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

Repairs of Property and Equipment

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


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

Dispositions of Property and Equipment

If equipment is sold, scrapped, donated or stolen, adjustments need to be made to the fixed asset listing and property log. If money is received for the asset, then the difference between the money received and the "book value" (purchase price less depreciation) of the asset will be recorded as a loss (if the money received is less than the book value) or a gain (if the money received is more than the book value).

Write-Offs of Property and Equipment

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

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: LEASES</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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F. LEASES

Classification of Leases

Central Missouri Community Action classifies all leases in which the Agency is a lessee as either capital or operating leases. CMCA shall utilize the criteria described in Statement of Financial Accounting Standards No. 13 in determining whether a lease is capital or operating in nature. Under those criteria, a lease shall be treated as a capital lease if, at the time of entering into the lease, any of the following factors are present:

1. The lease transfers ownership to CMCA at the end of the lease term;
2. The lease contains a bargain purchase option;
3. The lease term is equal to 75% or more of the estimated economic life of the leased property; or
4. The present value of the minimum lease payments is 90% or more of the fair value of the leased property (using, as the interest rate, the lesser of CMCA's incremental borrowing rate or, if known, the lessor's implicit rate).

All leases that do not possess any of the four preceding characteristics shall be treated as operating leases. In addition, all leases that are immaterial in nature shall be accounted for as operating leases.

Reasonableness of Leases

Central Missouri Community Action will assess the value of leases according to the requirements of OMB Circulars as follows:

- The rate is reasonable when compared to similar property in the same area,
- The rate of any alternatives, and
- The type, life expectancy, condition and value of the property leased.


Rental arrangements will be reviewed every 5 years to determine if circumstances have changed and other options are available.

Accounting for Leases

All leases that are classified as operating leases and immaterial capital leases shall be accounted for as expenses in the period in which the lease payment is due.

All leases that are classified as capital leases shall be treated as fixed asset additions. As such, upon the inception of a capital lease, CMCA shall record a capitalized asset 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).

Central Missouri Community Action shall also maintain a control list of all operating and capital leases. This list shall include all relevant lease terms, including a schedule of future annual lease payments obligations.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: SOFTWARE ACQUISITION AND DEVELOPMENT COSTS</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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G. SOFTWARE ACQUISITION AND DEVELOPMENT COSTS

Costs to be Capitalized

Certain costs incurred in connection with the acquisition or development of internal-use software by an outside vendor (non-employee) shall be capitalized and reported as an asset of the Agency. Those costs that shall be capitalized are those that are in excess of the Agency's capitalization threshold (explained earlier) and that meet any one of the following criteria:

1. External direct costs (i.e., amounts paid to contractors) of materials and services for developing or obtaining internal-use software ("developing" to include design, coding, installation and testing);
2. Internal payroll and related costs (employee benefit costs) for employees who are directly associated with and development of, and who devote time to, an internal-use software Program (i.e., the same types of software development costs described above);
3. Interest costs incurred in developing software; and
4. Costs associated with upgrades and enhancements when it is probable that these expenditures will result in additional functionality.


Costs that are capitalized in connection with the preceding policy shall be included as assets on the Agency's property and equipment listing, and shall be amortized over an estimated useful life in accordance with the previously stated policies on depreciation and amortization.

Costs to be Expensed as Incurred

Many costs associated with acquiring or developing internal-use software are to be expensed as incurred, rather than capitalized, including:

1. External and internal costs incurred in the preliminary project phases, such as costs associated with making decisions to allocate resources to the project, determining performance requirements and specifications, and reviewing and selecting contractors and consultants;
2. Research and development costs;
3. General and administrative costs;
4. Data conversion;
5. Training costs; and
6. Internal maintenance costs.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: WEB SITE COSTS</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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H. WEB SITE COSTS

Costs to Be Capitalized

Certain costs incurred in connection with the development of the Agency's web site by an outside vendor (non-employee) shall be capitalized and reported as an asset of the Agency. Those costs that shall be capitalized are those that are in excess of the Agency's capitalization threshold (explained earlier) and that meet any of the following criteria:

1. Application and infrastructure development costs, including:
 - a. Development or acquisition of any software necessary to develop or operate the web site (e.g. HTML editor software, graphics software, etc.)
 - b. Development or acquisition and customization of code for web applications (e.g. search engines, order processing systems, etc.)
 - c. Development or acquisition and customization of database software needed to integrate applications
 - d. Development of HTML web pages or development of templates and writing of code to automatically create HTML pages
 - e. Obtaining and registering an Internet domain name
 - f. Installation of developed applications on the server(s)
 - g. Creation of initial hypertext links to other web sites or to destinations within the Agency's site
 - h. Testing the site applications
2. Graphics and content development costs, including the initial creation of graphics to be used on the site, the design or lay out of each page, color images, and the overall look and feel and usability of the site (e.g. buttons, borders, etc.), but NOT including the initial loading of content into the site, the costs of which are to be expensed as incurred.

Costs that are capitalized in connection with the preceding policy shall be included as assets on the Agency's property and equipment listing, and shall be amortized over an estimated useful life in accordance with the previously stated policies on depreciation and amortization.


Costs to Be Expensed As Incurred

Many costs associated with the Agency's web site are to be expensed as incurred, rather than capitalized, including the loading of content into the designed pages, as well as:

1. Planning stage costs, such as:

- a. Development of a project or business plan
 - b. Determining functionalities or specifications of the site
 - c. Determining hardware and technology requirements
 - d. Conceptual formulation of graphics and content
 - e. Evaluation and selection of contractors
 - f. Addressing legal considerations, such as copyright and trademark issues
2. Operating costs, such as:
- a. Training employees involved in support of the site
 - b. Registering the site with search engines
 - c. User administration activities
 - d. Updating site graphics
 - e. Performing backups
 - f. Creating new links
 - g. Verifying that links are functioning properly
 - h. Adding new functionalities or features (however, see below)
 - i. Performing routine security reviews
 - j. Performing routine analysis

Certain upgrades and enhancements to the site shall be capitalized and amortized over an estimated useful life. Upgrades or enhancements that result in additional functionality shall be capitalized.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: ACCRUED LIABILITIES</p>	<p>EFFECTIVE DATE: FJanuary 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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V. POLICIES PERTAINING TO LIABILITY AND NET ASSET ACCOUNTS

A. ACCRUED LIABILITIES

Identification of Liabilities

The Accounting Department shall record in the general ledger expenses that may have to be accrued at the end of an accounting period. Some of the expenses that shall be accrued by CMCA at the end of an accounting period are:

- Salaries and wages
- Payroll taxes
- Vacation pay (see policy below)

In addition, CMCA 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.


Accrued Leave

Personnel policies permit employees to accrue unused leave from year to year. Such unused leave is payable to an employee upon termination of employment. See Employee Handbook for specifics.

Accordingly, CMCA records a liability for accrued leave to which employees are entitled. The total liability at the end of an accounting period shall equal the total earned but unused hours of leave, up to the maximum allowed, multiplied by each employee's current hourly pay rate and applicable fringe benefits. The accounting period in this context is the program year end or the Agency fiscal year, which may be different.

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 leave, shall not be accrued as a liability.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: NOTES PAYABLE</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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B. NOTES PAYABLE

General Policy

Central Missouri Community Action requires that all notes payable be approved by the Board of Directors and signed by the Executive Director.

Recordkeeping

Central Missouri Community Action maintains 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.


Accounting and Classification

An amortization schedule should be maintained for each note payable. Based upon the amortization schedule, the principal portion of payments due with the next year shall be classified, usually monthly, as a current liability in the statement of financial position. 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.

Any unpaid interest expense for the past twelve months 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.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: NET ASSETS</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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C. NET ASSETS

Classification of Net Assets

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

Unrestricted Net Assets - Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor imposed stipulations that may or will be satisfied through the actions of the Agency and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor imposed stipulations that the Agency permanently maintain certain contributed assets. Generally, donors of such assets permit the Agency to use all or part of the income earned from permanently restricted net assets for general operations or for specific purposes. Permanent restrictions do not pass with the expiration of time, nor can they be removed through the Agency's actions.

Net assets accumulated that are not subject to donor imposed restrictions, but which the Board of Directors of the Agency has earmarked for specific uses, shall be segregated in the accounting records as "corporate" funds within the unrestricted category of net assets.

Reclassifications from Restricted to Unrestricted Net Assets


The Agency shall report in its statement of activities a reclassification from restricted to unrestricted net assets if any of the following events occur:

1. Fulfillment of the purpose for which the net assets were restricted (e.g. spending restricted funds for the stipulated purpose)
2. Expiration of time restrictions imposed by donors
3. Withdrawal by the donor (or by a court) of a time or purpose restriction

If a donor stipulates multiple restrictions (such as a purpose and a time restriction), reclassifications from temporarily restricted to unrestricted net assets shall be reported only upon the satisfaction of the final remaining restriction.

Reclassifications from Unrestricted to Restricted Net Assets

If the Agency receives a restricted contribution from a donor who further stipulates that the Agency set aside a portion of its unrestricted net assets for that same purpose, the Agency shall report in its statement of activities a reclassification of net assets from unrestricted to temporarily or permanently restricted, based on the specific nature of the restriction.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: FINANCIAL STATEMENTS</p>	<p>EFFECTIVE DATE: January 1 ,2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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VI. POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING

A. FINANCIAL STATEMENTS

Standard Financial Statements of the Agency

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 Agency. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

The basic financial statements that are maintained on an Agency-wide basis shall include:

1. **Statement of Financial Position** - reflects assets, liabilities, and net assets of the Agency 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 Agency, by category of net asset (unrestricted, temporarily restricted and permanently restricted), including reclassifications between categories of net assets.
3. **Statement of Functional Expenses** – presents the expenses of the Agency in a natural or objective format and by function (i.e., which program or supporting service was served).

Frequency of Preparation

The objective of the Accounting 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 a monthly basis, by the 25th of each month. A monthly Board report shall be prepared with comparisons of actual year-to-date expenses with year-to-date budgeted grant amounts

The monthly set of financial statements shall be prepared on the accrual method of accounting, including all receivables, accounts payable received by the 10th of the month when possible, and actual depreciation expense.

Review and Distribution

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

After approval by the Finance Director, monthly financial statements shall be distributed to the following individuals:

- Treasurer and all members of the Finance Committee
- Executive Director
- Program Directors and any other employee with budget-monitoring responsibilities

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

Budget Variance Analysis and Projections

On a monthly basis, financial statements distributed to Program Directors with budgetary responsibilities shall be accompanied by a request for variance analysis and projections.

Program Directors will inform the Finance Director as soon as they become aware of variances in future periods that will exceed the budget amount ten percent. The Program Director and/or the Finance Director will determine if awarding agency approval is required for any budget changes.

Monthly Distribution


On a monthly basis or as scheduled, the governing bodies will be provided with grant financial information.

Annual Financial Statements

A formal presentation of the Agency's annual financial statements shall be provided by the Independent Auditor to the full Board of Directors.

Trend Analysis

The Finance Director may prepare, at the request of the Board of Directors a five-year revenue and expense report in order to facilitate the analysis of financial trends experienced by the Agency. This report may also include a five-year comparison of certain key operating ratios, based on the Agency's annual financial statements. This report shall be submitted to the Executive Director, the Finance Committee and the Audit Committee no later than two months following the final audit.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: GOVERNMENT RETURNS</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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B. GOVERNMENT RETURNS

Overview

To legitimately conduct business, CMCA 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 CMCA include, but are not limited to, filing annual information returns with IRS, annual reports for corporations, income tax returns, information returns for retirement plans, annual reporting of compensation paid, and payroll tax withholding tax returns.

Filing of Returns

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

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

1. **Form 990** - Annual information return of tax-exempt agencies, filed with IRS. Form 990 for CMCA is due on the fifteenth day of the fifth month following year-end. An automatic 3-month extension of time to file Form 990 may be obtained filing Form 8868. Upon expiration of the first 3-month extension, a second 3-month extension may be requested using Form 8868.
2. **Form 5500** - Annual return for CMCA's employee benefit plans is prepared by an independent accounting firm 3. **W-2's and 1099's** - Annual report of employee and non-employee compensation, based on calendar-year compensation, on the cash basis. These information returns are due to employees and independent contractors by January 31 and to Federal Government by February 28. All W-2's and 1099's will be mailed or made available electronically
4. **MO State Unemployment Tax form** – These returns are due quarterly by the last day following the end of month past the quarter prepared by a third party employment management service
5. **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.

Central Missouri Community Action's fiscal and tax year-end is September 30th. All annual tax and information returns of CMCA, Form 990 & Form 990-T, are filed on the accrual basis of reporting.

Central Missouri Community Action complies with all state payroll tax requirements by ensuring that they are withheld and remitted payroll taxes to the state of residency of each CMCA employee.


Public Access to Information Returns

Under regulations that became effective in 1999, CMCA 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 form 990 information returns , excluding the list of significant donors (Schedule B) that is attached to the Form 990, but including the accompanying Schedule A.
2. CMCA's original application for recognition of its tax-exempt status form 1023, filed with IRS, and all accompanying schedules and attachments.

CMCA adheres to the following guidelines in order to comply with the preceding public disclosure requirements:

1. Anyone appearing in person at the offices of CMCA during normal working hours making a request to inspect the forms will be granted access to a file copy of the forms. The Finance 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 CMCA, the Agency shall require prepayment of all copying and shipping charges. For requests for copies that are received without prepayment, CMCA will notify the requester of this policy via phone call or by letter within 7 days of receipt of the original request, if a phone number and address has been supplied.
3. The copying cost charged for providing copies of requested forms shall be \$.10 per page. All copies shall be shipped to requesters via U.S. Mail, thus, shipping charges will be current shipment charges.
4. After payment is received, all requested copies shall be shipped to requesters within 30 days. Making of all copies and shipping within the 30-day time period shall be the responsibility of the Finance Director.
5. For requests for copies made in person during normal business hours, copies shall be provided while the requester waits.
6. CMCA shall accept cash, certified checks and money orders for requests for copies made. A receipt will be given at time of payment.
7. CMCA shall comply with the Federal requirements of making the required 990 information available by guiding readers to access this information on the web at www.guidestar.org.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: UNRELATED BUSINESS ACTIVITIES</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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C. UNRELATED BUSINESS ACTIVITIES

Identification and Classification

Central Missouri Community Action properly identifies and classifies income-producing activities that are unrelated to the Agency'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 in order to facilitate tracking and accumulation of unrelated trade or business activities.


Allocation of Expenses to Unrelated Activities

In addition to segregating income associated with activities that are unrelated to CMCA's exempt purpose, the Agency's general ledger shall also provide accounts for expenses associated with each such unrelated activity. These expenses shall be offset against unrelated business revenue in arriving at unrelated business taxable income. Expenses that shall be offset against gross unrelated business income shall be limited to those expenses directly associated with the production of such income, including reasonable allocation of indirect costs that benefit each activity, in accordance with expense allocation policies described elsewhere in this manual.

Reporting

Central Missouri Community Action will file IRS Form 990-T to report taxable income from unrelated trade or business activities. Form 990-T is not subject to any public access or disclosure requirements. Accordingly, it is the policy of CMCA not to distribute copies of Form 990-T to anyone other than management of the Agency.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: BUDGETING</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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VII. FINANCIAL MANAGEMENT POLICIES

A. BUDGETING

Overview

Budgeting is an integral part of managing any Agency in that it is concerned with the translation of Agency 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 Agency's financial and human resources. A budget is a management commitment of a plan for present and future Agency activities that will ensure survival. It provides an opportunity to examine the composition and viability of the Agency's programs and activities simultaneously in light of the available resources.

Budgets are also prepared for funding sources and each Program Director must be aware of budget modification requirements. Awarding agencies may or may not require approval for changes in line items. CMCA will document and follow all such requirements.

Preparation and Adoption

Central Missouri Community Action will prepare an annual budget on the accrual basis of accounting. The Financial Operations Specialist gathers proposed Agency-wide budget information from all Program Directors and prepares the first draft of the budget.

After appropriate revisions and a compilation of all department budgets by the Financial Operations Specialist, approved by the Finance Director, a draft of the Agency-wide budget, as well as individual department budgets, is presented to the Executive Director for discussion, revision, and approval.

The revised draft is then submitted to the Finance Committee, and finally to the entire Board of Directors for adoption.

It is the policy of CMCA to adopt a final budget at the Board Meeting before the beginning of the Agency's fiscal year. The purpose of adopting a final budget at this time is to allow adequate time for the Accounting 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.

Budgets for programs that are not on the Agency's fiscal year will be prepared in accordance with awarding Agency requirements.

Monitoring Performance

Central Missouri Community Action monitors its financial performance by comparing and analyzing actual results with budgeted results. This function shall be accomplished in conjunction with the monthly financial reporting process described earlier.


On a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by the Accounting Department and distributed to each employee with budgetary responsibilities.

In addition, Program Directors shall submit monthly performance (non-financial) reports to the Executive Director and Board of Directors.

Budget and Program Revisions

Central Missouri Community Action will 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 (Program 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 Program 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 OMB Circulars.
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 subaward, transfer or contracting out of any work under an award.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: ANNUAL AUDIT</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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B. ANNUAL AUDIT

Role of the Independent Auditor

Central Missouri Community Action will arrange for an annual audit of the Agency's financial statements to be conducted by an independent accounting firm. The independent accounting firm selected by the Audit Committee will be required to communicate directly with the Agency's Audit Committee upon the completion of their audit. In addition, members of the Audit Committee and Executive Committee are authorized to communicate directly with the independent accounting firm.

At the completion of the audit, the independent accounting firm meets with the Finance Director and Executive Director to discuss the results. An exit conference may be held between the Audit Committee and the auditors prior to the Board Meeting. Audited financial statements, including the auditor's opinion thereon, will then be submitted and presented to the Board of Directors by the independent accounting firm at the Agency's Board Meeting within six months of the end of the Agency's fiscal year.

How Often to Review the Selection of the Auditor

Central Missouri Community Action 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. It 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 CMCA 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 Agencies and Federal reporting requirements under OMB Circulars
3. The firm's demonstrated ability to provide the services requested in a timely manner
4. The ability of firm personnel to communicate with Agency personnel in a professional and congenial manner

If CMCA decides to prepare and issue a written Request for Proposal (RFP) to be sent to prospective audit firms, the following information may 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. Agency chart of CMCA
6. Chart of account information
7. Financial information about the Agency (list of major awards)
8. Copy of prior year reports (financial statements, management letters, etc.)
9. Identification of need to perform audit in accordance with OMB Circulars
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 who will serve CMCA
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. Cost estimate including estimated number of hours per staff member
11. Rate per hour for each auditor
12. Other information as appropriate

A Audit Committee meeting will be held to select the audit firm from the proposals submitted. The Audit Committee will make the final recommendation to the Board of Directors.

Preparation for the Annual Audit

Central Missouri Community Action shall be actively involved in planning for and assisting with the Agency's independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the Accounting Department shall provide assistance to the independent auditors in the following areas:

Planning - The Finance Director 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 information provided by the independent accounting firm.

Involvement - Agency 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 independent auditors may perform selected audit procedures prior to the Agency's year-end. By performing significant portions of audit work as of an interim date, the work required subsequent to year-end is reduced. Agency staff will provide requested schedules and documents to assist the auditors during any interim audit fieldwork.

Throughout the audit process, CMCA will 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 CMCA from its independent auditor, the Finance Director and the 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 CMCA
3. Review each footnote for accuracy and completeness

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


It shall also be the responsibility of the Finance Director to review and respond in writing to all management letter or other internal control and compliance report findings and recommendations made by the independent auditor.

Audit Committee Responsibilities

In accordance with the CMCA by-laws, there shall be an Audit Committee consisting of at least two members. Appointments to the Audit Committee shall be for two-year terms and eligible for consecutive appointments of no more than two additional two-year terms.

See the "Board Governance" section of this manual, as well as the Audit Committee Charter, for a detailed description of the Audit Committee's responsibilities and its authority.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: INSURANCE</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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C. 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 CMCA.

Central Missouri Community Action maintains adequate insurance against general liability, as well as coverage for automobiles, buildings, contents, computers, equipment and other items of value. Personal property owned by the employee or volunteer is not covered by the agency insurance.

Coverage Guidelines

CMCA 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
Automobile Liability	\$1,000,000
Fidelity Bonding	\$1,000,000
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)
Employee Dishonesty	\$500,000
Workers' Compensation	To the extent required by law

Central Missouri Community Action shall maintain a detailed listing or binder of all insurance policies in effect for Agency reference. This listing or binder shall be kept by the Finance Director and 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

Comprehensive General Liability

This coverage includes general liability insurance for injuries at sites the Agency occupies and sexual or physical abuse or molestation liability. Staff, participants, volunteers, parents, siblings of students injured at sites need to report any incidents to the site supervisor. Follow emergency procedures first. The site supervisor should immediately write a report and send it to their supervisor at Central Office and the Finance Director for insurance filing that including the following information:

1. Date and time of incident
2. Name, address and phone number of those involved
3. What happened
4. Where it happened
5. If injuries are involved and to what extent

Fire, Damage, Theft

Coverage for the Agency's buildings, contents, and computers. After emergency procedures are followed, submit a written narrative report including the following information:

1. Date and time
2. Location
3. Who was involved
4. Witnesses
5. Exact description of damage or item stolen
6. An estimate of number of item or items and value of loss involved

Send this report and a copy of the police report immediately to the Finance Director and a copy to your Program Director. Submission to the insurance company will not be possible without these reports.

Workers' Compensation and Employer's Liability

Central Missouri Community Action carries worker's compensation on all employees of the Agency. Worker's compensation rates and classifications are reviewed on a periodic basis to ensure new job codes are added and rates adjusted when necessary.

In the event of a work injury, report the injury immediately to your supervisor. Seek first aid if necessary. A Report of Injury must be completed immediately by the site supervisor. The Report of Injury form must be sent to the Finance Director who will submit it to the worker's compensation insurance carrier within 24 hours. A copy should be sent to the Finance Director within 12 hours of the injury.

Contractors of CMCA 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 contractor's liability insurance policy. Contractors are required to provide certificates of insurance before the work is performed. The Program Director is responsible for assuring this certificate of insurance is submitted to the Finance Director before work is performed.

Fidelity Bond

For all personnel handling cash, preparing or signing checks, CMCA shall obtain insurance that provides coverage in a blanket fidelity bond.

Participant/Volunteer/Student Accident Insurance

Central Missouri Community Action carries various transportation, worker's compensation and accident insurance on students, foster grandparents and program participants as required by individual contract stipulations.

Directors and Officers Liability

This coverage includes directors and officers of the Board and includes errors and omissions coverage.

Automobile Insurance

Insurance coverage is on all Agency owned automobiles. Staff who are required or find it necessary to drive an Agency vehicle must be added to the approved drivers list before driving. The Finance Director will obtain coverage of drivers by submitting the name of the driver and a copy of their driver's license to the insurance carrier. The insurance company obtains a Driving Record Verification on all drivers through the Department of Motor Vehicles.

It is the responsibility of the Program Directors to see that driver's information is sent to the Finance Director before drivers are allowed to drive an Agency vehicle. Sufficient time must be allowed for the Finance Director to make contact with the insurance carrier and all processing to take place before driving takes place.

Accidents

If an automobile accident occurs, take emergency procedures first. Get a police report even if it is in a parking lot. Find out the case number and get a copy of the accident report. Call your supervisor immediately. They will inform the Accounting Department to notify the insurance company. The immediate information needed is:

1. VIN number of the vehicle
2. Date and time
3. Location
4. Extent of injury
5. Passengers on the van
6. Passengers in any other vehicle involved, names and ages

As soon as possible, a written report must be submitted, which includes the information described above and: Address and Telephone numbers of the driver and passengers and any persons in other vehicles involved.

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TYPE OF ISSUANCE:
ACCOUNTING & FINANCIAL
POLICY & PROCEDURE

EFFECTIVE DATE:
January 1 ,2015

SUBJECT:
RECORD RETENTION

APPROVED BY:
HEAD START POLICY
COUNCIL & BOARD OF
DIRECTORS


D. RECORD RETENTION

Policy

Central Missouri Community Action retains records as required by law and destroys them when appropriate. The destruction of records must be approved by the Finance Director. The formal records retention policy of CMCA is as follows:

Accident reports/claims (settled Cases)	8 Years
Accounts payable ledgers and schedules	8 Years
Accounts receivable ledgers and schedules	8 Years
Audit reports	Permanently
Bank reconciliations	8 Years
Bank Statements	8 Years
Chart of Accounts	Permanently
Cancelled Checks	8 Years
Contracts, mortgages, notes and leases:	
Expired	8Years
Still in effect	Permanently
Correspondence:	
General	2 Years
Legal and important matters only	Permanently
Routine with customers and/or contractors	2 Years
Deeds, mortgages and bills of sales	Permanently
Depreciation schedules	Permanently
Employment applications	8 Years
Expense analyses/expense distribution schedule	8 Years
Financial statements:	
Year end	Permanently
Other	Optional
Garnishments	8 Years
General ledgers/year end trial balance	Permanently
Insurance policies (expired)	3 Years
Insurance records (policies, claims, etc.)	Permanently
Internal audit reports	3 Years +
Internal reports	3 Years
Inventories of products, materials and supplies	8 Years
Invoices (to customers, from contractors)	8 Years
Minute books of directors, bylaws and charters	Permanently

Notes receivable ledgers and schedules	8 Years
Payroll records and summaries	8 Years
Personnel records (terminated)	8 Years
Petty cash vouchers	8 Years
Program participant files	See individual contract requirements
Property records (incl. depreciation schedules)	Permanently
Purchase orders:	
Purchasing department copy	8 Years
Other copies	8 Year
Retirement and pension records	Permanently
Requisitions	8 Year
Sales records	8 Years
Subsidiary ledgers	8 Years
Tax returns and worksheets, examination reports and other documents relating to determination of income tax liability	Permanently
Time sheets/cards	8 Years
Trademark registrations and copyrights	Permanently
Training manuals	Permanently
Withholding tax statements	8Years

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: AUDIT COMMITTEE</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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VIII. BOARD GOVERNANCE

A. AUDIT COMMITTEE

Purpose

The primary responsibility for the Agency’s financial reporting and internal controls rests with senior operating management, as overseen by the Agency’s Board of Directors (the “Board”). The purpose of the Audit Committee (the “Committee”) is to assist the Board in fulfilling this responsibility by providing oversight of the Agency’s audit functions as well as significant cases of conflict of interest, misconduct, fraud and abuse investigations.

Authority

The Audit Committee has authority to:

- Consult with the Agency’s external auditors when appropriate.
- Review Audit RFPs
- Hire the Auditor
- Investigate any matter brought to its attention with complete and unrestricted access to all books, records, documents, facilities, and personnel of the Agency.
- Retain outside counsel, auditors, investigators, or other experts in the fulfillment of its responsibilities, including the sole authority to approve the firms’ fees and other retention terms.

The Committee shall be provided with the resources necessary to discharge its responsibilities.

Membership

The Audit Committee shall be a standing committee of the Board of Directors, comprised of not less than two members of the Board. Members of the Committee shall:

1. Have no relationship to the Agency that may interfere with the exercise of their independence from management and the Agency;
2. Not be members of the Agency’s Finance Committee, a separate committee of the Board of Directors;
3. Be financially literate regarding the specialized matters of Agency or shall acquire such financial literacy within a reasonable time period after appointment to the Committee.

In addition, at least one member of the Committee should be a financial expert possessing the following characteristics:

1. An understanding of generally accepted accounting principles applicable to the Agency and financial statements;
2. The ability to assess the application of generally accepted accounting principles in connection with accounting for estimates, accruals, and reserves of the Agency;
3. Experience preparing, auditing, analyzing, or evaluating financial statements of comparable complexity to those of the Agency;
4. Understanding of internal controls and procedures for financial reporting; and
5. Understanding of Audit Committee functions.

Responsibilities

The Committee's role is one of oversight, recognizing that the Agency's management is responsible for preparing the Agency's financial statements and that the external auditors are responsible for auditing those financial statements. The Committee recognizes that the Agency's internal financial management team, as well as the external auditors, have more time and detailed information about the Agency than do Committee members. Consequently, in discharging its oversight responsibilities, the Committee is not providing expert advice or any assurances as to the Agency's financial statements or any professional certification as to the external auditor's services.

The Committee shall have certain responsibilities in the areas of financial reporting, internal control, and Agency governance.

In the areas of financial **reporting and internal control**, the Committee shall:

- Oversee the external audit process, including consultation with the external audit firm on the Agency's audit results;
- Review accounting policies;
- Review the Agency's audited financial statements and other reports requiring approval by the Board before submission to government agencies, and auditor opinions and management letters;
- Receive and review any other communications from the external auditors that the external auditors are required to submit to the Board or Committee under currently applicable professional auditing standards;
- Review and discuss with management the findings and recommendations communicated by the external auditor;
- Inquire about the existence and nature of significant audit adjustments proposed by the external auditors and significant estimates made by management;
- Meet privately with the external auditors to discuss the quality of management, accounting and information technology personnel, and to determine whether any restrictions have been placed by management on the scope of their external audit or if there are any other matters that should be discussed with the Committee;
- Prepare a report, signed by the Chair of the Committee, for presentation to the full Board of Directors, describing the activities and responsibilities of the Committee.
- Direct special investigations into significant matters brought to its attention within the scope of its duties;


- Review this Charter on an annual basis and propose any recommended changes to the Board.

In the area of Agency **governance**, the Committee shall:

- Review Agency policies regarding compliance with laws and regulations, ethics, employee conduct, conflicts of interest, and the investigation of misconduct or fraud;
- Review current and pending litigation or regulatory proceedings impacting Agency governance in which the Agency is a party;
- Establish and monitor Agency procedures for receiving and handling significant complaints about accounting and auditing matters;
- Review significant cases of employee or director conflict of interest, misconduct or fraud;
- Discuss with the external audit firm the reliability of the Agency's information technology system and any specific security measures in protecting the Agency against fraud and abuse;
- Meet regularly with the Agency's general counsel to discuss legal matters that may have a significant impact on the Agency.

The Committee shall meet on a regular basis and call special meetings as deemed necessary in fulfilling the responsibilities described in this Charter.

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	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: FINANCE COMMITTEE</p>	<p>EFFECTIVE DATE: January 1, 2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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B. FINANCE COMMITTEE

Purpose

The primary responsibility for the Agency’s financial reporting and management rests with senior operating management, as overseen by the Agency’s Board of Directors (the “Board”). The purpose of the Finance Committee (the “Committee”) is to assist the Board in fulfilling this responsibility by providing oversight of the financial management and financial reporting function.

Authority

The Finance Committee shall have the resources and authority necessary to discharge its duties and responsibilities. The Committee has sole authority to retain and terminate outside counsel or other experts or consultants, as it deems appropriate, including sole authority to approve the firms’ fees and other retention terms. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more members of the Committee.

Membership

The Finance Committee shall be a standing committee of the Board of Directors, comprised of not less than three members of the Board. Members of the Committee shall:

1. Have no relationship to the Agency that may interfere with the exercise of their independence from management and the Agency; and
2. Not be members of the Agency’s Audit Committee, a separate committee of the Board of Directors.

Appointments to the Finance Committee shall be for two-year terms and eligible for consecutive appointments of no more than two additional two-year terms.


Responsibilities

The Finance Committee’s role is one of oversight, recognizing that the Agency’s management is responsible for financial management and for preparing the Agency’s financial statements. The Committee shall have oversight responsibilities in certain areas of financial management and reporting as follows:

- Oversee the Agency’s assets, including policies associated with safekeeping and protection of those assets;

- Review and evaluate the Agency's financial viability;
- Review the annual budget and recommend it to the full Board for approval;
- Review new initiatives involving requests for funding;
- Review the Agency's cash flow management;
- Review the financial impact of agenda items being considered by the full Board;
- Monitor financial policies and procedures;
- Monitor budget implementation;
- Review monthly and quarterly financial reports and monitor financial performance against budget;
- Prepare a report, signed by the Chair of the Committee, for presentation to the full Board of Directors, describing the activities and responsibilities of the Committee;
- Review overall Agency risk management and adequacy of insurance carried by the Agency;
- Review all borrowing arrangements of the Agency;
- Review annual income tax and information returns filed with the Internal Revenue Service and State government agencies;
- Review this Charter on an annual basis and propose any recommended changes to the Board;
- Oversee the management of the Agency's investments, including review of investment policies, use of external investment managers, and other matters associated with investment management.

The Committee shall meet on a regular basis and call special meetings as deemed necessary in fulfilling the responsibilities described in this Charter.

	<p>TYPE OF ISSUANCE: ACCOUNTING & FINANCIAL POLICY & PROCEDURE</p> <p>SUBJECT: SUB-RECIPIENTS</p>	<p>EFFECTIVE DATE: January 1 ,2015</p> <p>APPROVED BY: HEAD START POLICY COUNCIL & BOARD OF DIRECTORS</p>
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IX. SUB-RECIPIENTS

Making of Sub-awards

From time to time, CMCA may find it practical to make sub-awards of Federal funds to other Agencies. All sub-awards in excess of the small purchase threshold may 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 sub-recipient monitoring provisions described in the next section.

With respect to sub-recipients with whom CMCA has not recently had a sub-award relationship, the Accounting Department 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 sub-recipient, is to gain assurance that a potential sub-recipient 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, CMCA shall obtain the following documents from all new sub-recipients:

1. Articles of Incorporation
2. Bylaws or other governing documents
3. Determination letter from the IRS (recognizing the sub-recipient as exempt from income taxes under IRC section 501(c)(3))
4. Last three years' Forms 990 or 990-EZ, including all supporting schedules and attachments (also Form 990-T, if applicable)
5. Copies of the last three years' audit reports and management letters received from sub-recipient's independent auditor (including all reports associated with audits performed in accordance with OMB Circulars, if applicable)
6. Copy of the most recent internally-prepared financial statements 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 Sub-recipients

When CMCA utilizes Federal funds to make sub-awards to sub-recipients, CMCA is subject to a requirement to monitor each sub-recipient in order to provide reasonable assurance that sub-recipients are complying, in all material respects, with laws, regulations, and award provisions applicable to the program. The awarding agency may choose to monitor the sub-recipient instead of CMCA fulfilling that requirement.

In fulfillment of its obligation to monitor sub-recipients, the following policies apply to all sub-awards of Federal funds made by CMCA to sub-recipients:

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
 - c. Name of Federal agency
 - d. Amount of award
2. Sub-award agreements shall identify all applicable audit requirements, including the requirement to obtain an audit in accordance with OMB Circulars, if the sub-recipient meets the criteria for having to undergo such an audit.
3. Sub-awards shall include a listing of all applicable Federal requirements that each sub-recipient must follow.
4. Sub-awards shall require that sub-recipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.
5. Sub-awards shall require that sub-recipients submit financial and program reports to CMCA on a basis no less frequently than monthly.
6. Central Missouri Community Action will follow up with all sub-recipients to determine whether all required audits have been completed. CMCA will cease all funding of sub-recipients failing to meet the requirement to undergo an audit in accordance with OMB Circular A-133. For sub-recipients that properly obtain an audit in accordance with OMB Circular A-133, CMCA shall obtain and review the resulting audit reports for possible effects on CMCA's accounting records or audit.
7. Central Missouri Community Action shall assign one of its employees the responsibility of monitoring each sub-recipient on an ongoing basis, during the period of performance by the sub-recipient. This employee will establish and document, based on his/her understanding of the requirements that have been delegated to the sub-recipient, a system for the ongoing monitoring of the sub-recipient.
8. Ongoing monitoring of sub-recipients will vary from sub-recipient to sub-recipient, based on the nature of work assigned to each. However, ongoing monitoring activities may involve any or all of the following:
 - a. Regular contacts with sub-recipients and appropriate inquiries regarding the program.
 - b. Reviewing programmatic and financial reports prepared and submitted by the sub-recipient and following up on areas of concern.
 - c. Monitoring sub-recipient budgets.
 - d. Performing site visits to the sub-recipient to review financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the sub-award.
 - e. Offering sub-recipients technical assistance where needed.
 - f. Maintaining a system to track and follow up on deficiencies noted at the sub-recipient in order to ensure that appropriate corrective action is taken.
 - g. Establishing and maintaining a tracking system to ensure timely submission of all reports required of the sub-recipient.
9. Documentation shall be maintained in support of all efforts associated with monitoring of sub-recipients.