



northeastern
WORKFORCE DEVELOPMENT BOARD

Northeastern Workforce Development Board

Financial and Personnel Policies and Procedures Manual

Effective Date:

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Introduction

This manual documents the financial procedures of the Northeastern Workforce Development Board, herein after referred to as “NWDB”. NWDB is an organization whose mission is to administer and oversee the implementation of Workforce Innovation and Opportunity Act (WIOA) activities in the Northeastern Workforce Development Area comprised of Aroostook, Hancock, Penobscot, Piscataquis and Washington Counties in Maine. The Chief Elected Officials (CEO’s) of these counties have designated Penobscot County to be the Local Sub grant Recipient/Fiscal Agent.

Some financial functions are performed by the Fiscal Agent whereas others are performed by the Finance Manager. This manual will identify and describe all financial processes and indicate who they are performed by.

The contents of this manual were approved as official policy by the NWDB Board of Directors. NWDB staff, contractors and Fiscal Agent are bound by the policies herein, and any deviation from established policy is prohibited.

Financial Policies and Procedures

General Practices and Procedures

Organizational Structure

The Board of Directors

NWDB is governed by its Board of Directors, which is responsible for the oversight of five county workforce system by:

- Planning for the future workforce in Penobscot, Piscataquis, Hancock, Aroostook and Washington Counties
- Establishing broad policies for the Local Area
- Identifying and proactively dealing with emerging issues
- Interpreting the NWDB's mission to the public
- Soliciting prospective contributors
- Contracting for the Executive Director
- Establishing and maintaining workforce programs and systems designed to assure compliance with terms of contracts and grants

The board is responsible for hiring and periodically evaluating NWDB's Executive Director, who shall be responsible for the day-to-day oversight and management of workforce programs in the five counties, NWDB members and staff. Specific guidelines regarding the composition and election of the Board of Directors are described in NWDB's by-laws.

Accounting Office

Organization

Due to the small size of NWDB, NWDB does not have a formal "accounting department". However, the following parties are involved in the financial functions of NWDB:

- The NWDB Executive Director - Joanna Russell
- The Finance Manager (contract position – not an employee) - Sara McLaughlin

The following is personnel of the Fiscal Agent, Penobscot County:

- The designated Penobscot County Commissioner
- Treasurer
- County Administrator
- Finance Director
- Assistant Finance Director

Responsibilities

The primary responsibilities of the accounting department consist of:

- General Ledger
- Budgeting
- Cash Management
- Asset Management
- Grants and Contracts Administration
- Purchasing approved by the Executive Director
- Cash Receipts
- Accounts Payable
- Cash Disbursements
- Payroll and Benefits
- Financial Statement Processing
- External Reporting of Financial Information
- Bank Reconciliation
- Reconciliation of Sub-Ledgers
- Compliance with Government Reporting Requirements
- Annual Audit that is done by an independent Auditor
- Leases
- Insurance

Fiscal Year of Organization

NWDB shall operate on a fiscal year that begins on July 1 and ends on June 30. Any changes to the fiscal year of NWDB must be ratified by majority vote of NWDB’s Board of Directors.

Security

All files over one year that have been audited will be kept at the NWDB office. Current files and files that have not been audited will remain in the Finance Manager’s office.

The Finance Manager scans all files except vendor files electronically, and all electronic files are backed up instantaneously utilizing Carbonite remote data backup software. Backed up files can be accessed from any computer at any time in the case of theft, fire or another catastrophic event.

Vendor files (invoices and bill payment check stubs) are stored at the Finance Manager’s office for a minimum of one year or until the audit for each fiscal year is complete. When the audit is complete, the paper vendor files are transferred to the NWDB offices.

Record Retention – Refer to Subpart D of 2 CFR 200.333-200.337

Policy

NWDB retains records as required by law and to destroy them when appropriate. The formal records retention policy of NWDB is as follows:

Accident reports/claims (settled Cases)	7 Years
Accounts payable ledgers and schedules	3 Years
Accounts receivable ledgers and schedules	3 Years
Audit reports	Permanently
Bank reconciliations	3 Years
Bank Statements	3 Years

Chart of Accounts Permanently
Cancelled Checks 7 Years

Contracts, mortgages, notes and leases:

Expired 7 Years
Still in effect Permanently

Correspondence:

General 3 Years
Legal and important matters only Permanently
Routine with customers and/or vendors 3 Years
Deeds, mortgages and bills of sales Permanently
Depreciation schedules Permanently
Duplicate deposit slips 3 Years
Employment applications 3 Years
Expense analyses/expense distribution schedule 7 Years

Financial statements:

Year end Permanently
Other Optional
Garnishments 7 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 3 Years
Invoices (to customers, from vendors) 3 Years
Journals Permanently
Minute books of directors, bylaws and charters Permanently
Notes receivable ledgers and schedules 3 Years
Payroll records and summaries 3 Years
Personnel records (terminated) 7 Years
Petty cash vouchers 3 Years
Physical inventory tags 3 Years
Property records (incl. depreciation schedules) Permanently

Purchase orders:

Purchasing department copy 3 Years
Other copies 3 Year
Receiving sheets 3 Year
Retirement and pension records Permanently
Requisitions 3 Year
Subsidiary ledgers 3 Years

Tax returns and worksheets, examination reports
and other documents relating to determination
of income tax liability Permanently
Time sheets/cards 7 Years
Training manuals Permanently
Voucher register and schedules 3 Years
Withholding tax statements 3 Years

All financial records will be retained as stated above. If any litigations, claim, or audit is started prior to the expiration of the retention period, the records shall be retained until all litigation, claims or audit findings have been resolved.

General Ledger and Chart of Accounts

General Ledger

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

Chart of Accounts Overview

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

NWDB's chart of accounts is comprised of five types of accounts:

1. **Assets** - Assets are probable future economic benefits obtained or controlled by NWDB as a result of past transactions or events. Assets of NWDB 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** are tangible assets with a useful life of more than one year that are acquired for use in the operation of NWDB 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 of them in the near future. Some examples are security deposits, property and long-term investments.

2. **Liabilities** - Liabilities are probable future sacrifices of economic benefits arising from present obligations of NWDB to transfer assets or provide services to other entities in the future as a result of past transactions or events. Liabilities of NWDB 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. Some 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 of a long-term liability is the non-current portion of a mortgage loan.
3. **Net Assets** - Net Assets is the difference between total assets and total liabilities. See the next section for NWDB's policies on classifying net assets.
 4. **Revenues** - Revenues are inflows or other enhancements of assets, or settlements of liabilities, from delivering or producing goods, rendering services, or other activities that constitute an organization's ongoing major or central operations. Revenues of NWDB include contributions received from donors and grants received from government agencies, private foundations and corporations.
 5. **Expenses** - Expenses are outflows or other using up of assets or incurrence of liabilities from carrying out activities that constitute NWDB's ongoing major or central operations.

Distribution of Chart of Accounts

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

Control of Chart of Accounts

NWDB's chart of accounts is monitored and controlled by the Finance Manager. Responsibilities include the handling of all account maintenance, such as additions and deletions.

Changes to the Chart of Accounts

Additions to, deletions from or any other changes to NWDB's standard chart of accounts shall only be done with the approval of the Finance Manager.

Policies Associated with Revenues and Cash Receipts

Revenue

Revenue Recognition Policies

NWDB receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements of NWDB 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. **Contributions** - Recognized as income when received, unless accompanied by restrictions or conditions.

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 Manager. Quarterly reports of all revenues are reviewed by NWDB.

Receipts and Disclosures

NWDB and its donors are subject to certain disclosure and reporting requirements imposed under the Internal Revenue Code and the underlying Regulations. NWDB 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.

Classification of Income and Net Assets

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

1. Grants and other awards received from government agencies or other grantors, which are classified as temporarily restricted
2. Special endowments received from donors requesting that these funds be permanently restricted for specific purposes

From time to time, NWDB may raise other forms of contribution income, which carry stipulations that NWDB 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, NWDB 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), NWDB 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, NWDB of Directors may determine that it is appropriate to set funds aside for specific projects. To the extent these set-asides result from a Board action, rather than a donor-imposed requirement, the resulting set-aside shall be classified as "unrestricted". However, to identify these funds as being set aside for special projects, such set-asides shall be labeled "Board-Designated" funds within the unrestricted net assets of NWDB, and shall be reported as a separate component of unrestricted net assets on NWDB financial statements.

Cash Receipts

Overview

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

Processing of Checks and Cash Received in the Mail

For funds that are received directly at NWDB office (i.e. payments not mailed to a PO Box or electronic transferred by systems as *Paymode*), check receipts are centralized to ensure that cash received is appropriately directed, recorded and mailed to the Finance Manager on a timely basis.

Endorsement of Checks

All checks received that are payable to NWDB shall immediately be restrictively endorsed. The restrictive endorsement shall be a rubber stamp that includes the following information:

1. For Deposit Only
2. NWDB
3. The name of NWDB's bank of choice
4. The bank account number of NWDB

Timeliness of Bank Deposits

NWDB shall make bank deposits as soon as possible. All electronic transfers will be deposited only in NWDB Account at the bank of choice of the NWDB Board. Presently, the bank of choice is Machias Savings Bank.

Policies Associated with Expenditures and Disbursements

Purchasing Policies and Procedures – Refer to Subpart D of 2 CFR 200.317-200.326

Overview

The policies described in this section apply to all purchases made by NWDB. Additional policies applicable only to those purchases made under federal awards are described in the section “Policies Associated with Federal Awards”.

NWDB follows a 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.

Record-Keeping Associated with Independent Contractors

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

Responsibility for Purchasing

The Executive Director shall have the authority to initiate purchases on behalf of NWDB, within the guidelines described in this policies manual. In addition, the Executive Director may delegate purchasing authority to responsible individuals within their department. The Executive Director shall inform the Finance Manager of all individuals that may initiate purchases or prepare purchase orders. The Finance Manager shall maintain a current list of all authorized purchasers of NWDB. The approved individuals shall sign all claims for payment, thereby signifying authorization.

Non-Discrimination Policy

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

1. Vendors/Contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation or national origin,

- except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the vendors/contractors.
2. Vendors/contractors agree, to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause. Notices, advertisements and solicitations placed in accordance with Federal law, rule or regulation shall be deemed sufficient for meeting the intent of this section.

Authorizations and Purchasing Limits

All contracts in excess of \$10,000.00 between NWDB and outside parties must be reviewed and approved by the Board of Directors, as well as the Executive Director. The Executive Director is authorized to enter into any contract on behalf of NWDB.

Required Solicitation of Quotations from Vendors

Purchase decisions in excess of \$5,000 for labor, equipment, supplies or services purchased, leased or contracted for shall be made only after receiving, whenever possible, oral quotations from at least two (2) vendors.

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

All Purchase decisions of \$100,000 or more shall be made by obtaining competitive proposals from at least three (3) responsible vendors. Sealed bids shall be utilized when required by a Federal-awarding agency.

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

1. A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features, which unduly restrict competition.
2. Requirements, which the bidder must fulfill, and all other factors to be used in evaluating bids or proposals (see the next section entitled "Evaluation of Alternative Vendors" for required criteria)
3. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
4. The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitations.
5. The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.
6. Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.
7. A description of the proper format, if any, in which proposals must be submitted, including the name of NWDB person to whom proposals should be sent.
8. The date by which proposals are due.
9. Required delivery or performance dates/schedules.

10. Clear indications of the quantity (ies) requested and unit(s) of measure.

Extensions of Due Dates and Receipt of Late Proposals

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

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

Evaluation of Alternative Vendors

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

1. Adequacy of the proposed methodology of the vendor
2. Skill and experience of key personnel
3. Demonstrated company experience
4. Other technical specifications (designated by department requesting proposals)
5. Compliance with administrative requirements of the request for proposal (format, due date, etc.)
6. 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, in each situation requiring consideration of alternative vendors, the department responsible for the purchase shall establish the relative importance of each criterion prior to requesting proposals and shall evaluate each proposal on the basis of the criteria and weighting that have been determined.

After a vendor has been selected and approved by the department director, the final selection shall be approved by the Executive Director prior to entering into a contract.

The contract will include a statement that specifies the work to be completed and milestones that must be measurable. Quarterly reports will be required to include current status of completion of milestones.

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

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

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

Procurement Under Federal Awards

Procurement of goods and services whose costs are charged to Federal awards received by NWDB, are subject to the specific policies of NWDB purchasing policies described earlier, under "Purchasing Policies and Procedures." In addition, procurements associated with Federal awards are subject to the following supplemental policies:

1. NWDB shall avoid purchasing items that are not necessary for the performance of the activities required by a Federal award.
2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal government.
3. Documentation of the cost and price analysis associated with each procurement decision shall be retained in the procurement files pertaining to each Federal award.
4. For all procurements in excess of the small purchase acquisition threshold (currently \$100,000), procurement records and files shall be maintained that include all of the following:
 - a. The basis for contractor selection.
 - b. Justification for lack of competition when competitive bids or offers are not obtained.
 - c. The basis for award cost or price.
5. NWDB shall make all procurement files available for inspection upon request by a Federal Awarding Agency.
6. All contracts with vendors shall require the vendor to certify, in writing, that it has not been suspended or disbarred from doing business with any Federal agency.

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

Special Purchasing Conditions

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

Single Distributor/Source: Where there is only one (1) distributor for merchandise needed and no other product meets the stated needs or specifications, quotations will not be necessary.

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

Accounts Payable Management

NWDB 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.

Any expenses incurred by CEO and NWDB board members while conducting board business **(except for travel expenses for a board related meeting)** needs to be approved by the board prior to payment. Any expenses or estimated expenses more than \$200.00 by any CEO or NWDB board member will need preapproval from NWDB.

The recording of assets or expenses and the related liability, is performed by an employee independent of ordering and receiving. The amounts recorded are based on the vendor invoice for the related goods or services. The vendor invoice should be supported by an Accounts Payable approval form, and should be reviewed and approved by the Executive Director, prior to being processed for payment. The Executive Director will forward all approved bills to the Finance Manager for payment in a timely manner.

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. No vendor statements shall be processed for payment.

Accounts Payable Cut-Off

For purposes of the preparation of NWDB's quarterly financial statements, all vendor invoices that are received, approved and supported with proper documentation by the tenth business day of the following month can be recorded as accounts payable if the invoice pertains to goods or services delivered within that period.

Processing of Vouchers

The following procedures shall be applied to each voucher:

1. Check the mathematical accuracy of the vendor invoice
2. Attach an Accounts Payable Approval Form to each voucher. On each voucher:
 - a. Document the general ledger distribution, using NWDB's current chart of accounts
 - b. Obtain the review, approval, and signature of the department director, or designee associated with the goods or services purchased

Approvals by department directors 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 signatures of the approving individual.

Payment Discounts

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

Employee Expense Reports

Reimbursements for travel expenses, business meals, or other approved costs will be made only upon the receipt of a properly approved and completed expense reimbursement form (see further policies under "Travel"). All receipts must be attached, and a brief description of the business purpose of the trip or meeting must be noted on the form.

Expense reports will be processed for payment in the next vendor payment cycle provided that sufficient funds are available. All Employee Expense reports must be approved and signed off by the Executive Director before any payment is processed. The Executive Director's expense report must be approved and signed by one of the following: CEO, Board Chair, or designated supervisor.

Use of Company Credit Card

The use of the NWDB credit card is limited to authorized personnel for NWDB purposes allowed by its established procurement and cost policies. Use of the NWDB credit card for an employee's personal costs that are later reimbursed is prohibited.

Cash and Cash Management

Cash Disbursements (Check Writing) Policies

Check Preparation

1. NWDB prints vendor and expense reimbursement checks on a weekly basis when funds are available. All vendor and expense reimbursement checks shall be produced in accordance with the following guidelines:
2. Expenditures must be supported in conformity with the purchasing, accounts payable, and travel policies described in this manual

3. Timing of disbursements should generally be made to take advantage of all early-payment discounts offered by vendors
4. Generally, all vendors shall be paid within 30 days of submitting a proper invoice upon delivery of the requested goods or services unless there is a delay in receiving funds from its funding sources (ex. Maine Department of Labor). Payment will be made to any vendor once funds have been received from the funding source.
5. 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.
6. Checks shall be utilized in numerical order. Unused checks are stored in a locked cabinet in the Finance Manager's Office.
7. Checks shall never be made payable to "bearer" or "cash".
8. Checks shall never be signed prior to being prepared.

Check Disbursements

1. Each week, checks processed by the Finance Manager will be provided to the NWDB Executive Director for review and signature. ACH payments processed by the Finance Manager will be provided to Fiscal Agent authorized personnel for review and approval.
2. Backup for each check, including the original invoice and Accounts Payable approval slip, will be attached to each check.
3. In the event that the NWDB Executive Director is not available to sign checks, the NWDB Finance Committee chairperson will serve as the backup signatory.
4. Checks/ACH payments over \$10,000 must have dual signature except for checks payable to the following:
 - a. Contracted workforce service provider (the rationale being that weekly disbursements are expected to exceed \$10,000).
5. The following people are eligible for providing the second signature/ACH approval:
 - a. Penobscot County Treasurer
 - b. Penobscot County Administrator
 - c. Penobscot County Finance Director
 - d. NWDB Finance Committee Chairman

Voided Checks and Stop Payments

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

Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed by telephone instruction and written authorization to the bank by fiscal personnel with this authority. A journal entry is made to record the stop payment and any related bank fees.

Stale Checks

NWDB will write off checks of \$1,000 or less that are more than 6 months old and that have not cleared NWDB's bank account. 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 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.

Cash Accounts

NWDB has one cash account, a checking account. The account is the property of the Fiscal Agent but is named “Northeastern Workforce Development Board” to differentiate it between other accounts held by the Fiscal Agent. Most NWDB activity is run through this account. Payroll and rent are run through another Fiscal Agent cash account but are later billed to NWDB for reimbursement from the NWDB checking account.

The Finance Manager has access to the account online and is able to view information (such as monthly statements or daily activity) as well as process ACH payments with approval from designated Fiscal Agent personnel.

Petty Cash

NWDB does not operate a petty cash account.

Bank Reconciliations

Bank account statements are obtained online by the Finance Manager each month and are reconciled to the General Ledger by the Finance Manager. They are then reviewed and signed by the Fiscal Agent each month.

Drawdowns/Cash Management

Cash drawdown procedures shall minimize the time between the receipt of funds and the disbursement of funds. Advance payments will be allowed provided that the sub grantee has demonstrated the ability to maintain minimal time between receipt and disbursement of funds.

Sub grantees that have failed to meet the above standards will be paid on a reimbursement basis.

For Workforce Investment and Opportunity Act programs, interest earned from an interest-bearing account is treated as program income.

Sub Grantee Request for Funds

Sub Grantees are required to submit “Request for Funds” form FR-99. As a general rule, requests will be processed once a week. All requests are to be submitted to the Fiscal Agent, via e-mail, and are due normally no later than 5:00 pm on Tuesday but some exceptions to the deadline do exist due to holidays, etc. NWDB distributes a schedule of deadline for the fiscal year at the beginning of the fiscal year so that sub grantees have adequate time to prepare.

Sub Grantees are required to submit, with the signed FR-99, supporting documentation to back up all requested drawdown requests.

The Finance Manager will prepare the “Request for Funds” from all Sub Grantees and compile it along with the requested amount to cover the NWDB Administrative Expenses. This request will be submitted to the Executive Director for review and signature. The Executive Director will either physically sign and scan the request or will use a digitally encrypted signature from her password protected computer (one that no one else has access to). If the Executive Director is

not available, the Finance Committee Chairperson will serve as the backup reviewer/signatory. The Finance Manager or the Executive Director (or Finance Committee Chairperson, if applicable) will then submit the request to the Maine Department of Labor. The requested funds should be available 7 business days following the request. Requests must include all expenditures and accrued costs for the period for which funds are being requested minus any that have previously requested.

Debt and Debt Collection

Establishment of Debt

A debt to NWDB is established when costs are disallowed in writing by one of the following:

1. Audit. An audit resolution findings and determinations letter;
2. Ruling. A complaint and appeal ruling;
3. Report. A report of an investigation;
4. Closeout. A grant closeout report;
5. Monitoring. A monitoring report.

Collection of Debt

Collection options available to NWDB, include but are not limited to, the following:

1. Cash Repayment. Requiring cash repayment from nonfederal sources;
2. Withholding Funds. Withholding from current grant costs an amount equal to the disallowed costs to offset the debt;
3. Noncash Repayment. Requiring repayment with the use of stand-in costs.

Stand-in Costs

Stand-in costs are costs paid from non-federal sources that a grantee proposes to substitute for disallowed costs. In-kind contributions do not qualify as stand-in costs. To be valid substitutions, the proposed stand-in costs must:

1. Have been reported as uncharged program costs under the same title and program year as were the disallowed costs;
2. Have been incurred in compliance with laws, regulations, and contractual provisions governing expenditures;
3. Be accounted for in the grantee's financial system records; and
4. Not result in a violation of cost limitations.

Waiver of Sanctions Relating to Debt

NWDB or MDOL does not have the authority to waive a debt. The option to request a waiver of sanctions must be made through MDOL who in turn, reviews the request before submitting to USDOL. Waivers will only be issued by the US Department of Labor if the expenditure of grant funds:

1. Occurred at the sub grantee level;
2. Was not due to willful disregard, gross negligence. Failure to observe accepted administrative standards, or did not constitute fraud; or
3. If fraud did exist, it was perpetrated against the grantee and its appeal and debt collection process has been exhausted with no repayment rendered. No waiver will be

granted unless NWDB determines that further collection action would be inappropriate or would prove futile.

4. A waiver request must be accompanied by the resolution reports that established the debt. If the DOL Employment and Training Administration (ETA) Grant Officer is resolving the finding, a request for waiver shall be made prior to the conclusion of the informal resolution period, normally 60 days from the date of the ETA Grant Officer's Initial Determination letter.

Additional Debt Collection Procedures

Collections are performed on a daily, weekly, and monthly basis, according to a review of the outstanding items shown on the accounts receivable aging report. This report shows the current month's activity for each customer and prior to months' balances outstanding for 30, 60, and 90 plus days.

Customers with unpaid balances may receive statements every thirty days. After a balance is unpaid for 60 days, a specific department employee contacts the customer by telephone and attempt to collect the amount due. A record is kept of all telephone contacts.

If 90 days have elapsed without payment, the Finance Manager will send a letter to the customer requesting payment or documentation that payment has already been made. In addition, weekly telephone calls are placed in an attempt to collect the amount due.

If 120 days have passed without payment, the account may be turned over to a collection agency if the amount due is less than \$1,000.00. If the amount due is greater than \$1,000.00, the account may be turned over NWDB's attorney or collection agency.

Fixed Asset Management

Capitalization Policy

Physical assets acquired with unit costs in excess of \$5000.00 are capitalized as fixed assets on the financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

Capitalized fixed assets are accounted for at their historical cost, and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Fixed Assets – Refer to Subpart E of 2 CFR 200.439

Establishment and Maintenance of a Fixed Asset Listing

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

1. Date of acquisition
2. Cost
3. Description (including color, model, and serial number)

4. Location of asset
5. Depreciation method
6. Estimated useful life

A physical inventory of all assets capitalized under the preceding policies will be taken on an annual basis by NWDB. This physical inventory shall be reconciled to the property log and adjustments made as necessary.

Repairs of Fixed Assets

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property, 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 Fixed Assets

In the event a non-expendable asset 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, and a gain if the money received is more than the book value.

Write-Offs of Fixed Assets

The Executive 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 Executive Director. If not located, this property will be written off the books with the proper notation specifying the reason.

Leases

Classification of Leases

NWDB classifies all leases in which NWDB is a lessee, as either capital or operating leases. NWDB shall utilize the criteria described in the Statement of Financial Accounting Standards No. 13 in determining whether a lease is capital or operating in nature. Under these 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 NWDB 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 market value of the leased property (using, as the interest rate, the lesser of NWDB'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.

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 obligation to make a lease payment is incurred. For leases with firm commitments for lease payments that vary over the term of the lease (i.e. a lease with fixed annual increases that are determinable upon signing the lease), the amount that NWDB shall recognize as monthly lease expense shall equal the average monthly lease payment over the entire term of the lease. Differences between the average monthly payment and the actual monthly payment shall be accounted for as an asset or liability of NWDB.

All leases that are classified, as capital leases shall be treated as fixed asset additions of NWDB. As such, upon the inception of a capital lease, NWDB shall record a fixed 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). Periodic lease payments shall be allocated between a reduction in the lease obligation and interest expense. The fixed asset recorded under a capital lease shall be depreciated over the term of the lease, using the straight-line method of depreciation.

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

Accrued Liabilities

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

1. Salaries and wages
2. Payroll taxes
3. Vacation pay (see policy below)
4. Rent
5. Goods, property & services received but unpaid

Financial Statement

Standard Financial Statements of the Organization

Preparing financial statements and communicating key financial information is a necessary and critical fiscal function. NWDB's 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 NWDB. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

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

1. **Statement of Financial Position** - reflects assets, liabilities and net assets of NWDB 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 NWDB, by category of net asset (unrestricted, temporarily restricted and permanently restricted)
3. **Statement of Cash Flows** - reports the cash inflows and outflows of NWDB

Frequency of Preparation

The objective of the fiscal 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 shall be produced prior to each quarterly board meeting. The financial statements shall include the following:

1. Individual statements of activities on a departmental and functional basis (and/or program/grant basis)
2. Comparisons of actual year-to-date revenues and expenses with year-to-date budgeted amounts

The quarterly set of financial statements shall be prepared on the accrual method of accounting.

Review and Distribution

All financial statements and supporting schedules shall be reviewed and approved by the NWDB board at their scheduled meetings.

Government Returns

Overview

NWDB's Fiscal Agent, 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 NWDB include, but are not limited to, filing annual information returns with IRS and the State.

Filing of Returns

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

1. **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 of each year, and to federal government by February 28 of each year.
2. **Form 941** - Quarterly payroll tax returns filed with the 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 ten (10) days later if all payroll tax deposits have been made in a timely manner during the quarter.

Public Access to Information Returns

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

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

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

1. Anyone appearing in person at the offices of NWDB during normal working hours making a request to inspect the forms will be granted access to a file copy of the forms. The Fiscal Agent shall be responsible for maintaining a copy of each form and for making it available to the public.
2. For all written requests for copies of forms received by NWDB, NWDB shall require pre-payment of all copying and shipping charges. For requests for copies that are received without pre-payment, NWDB will notify the person requesting the form(s) of the policy by telephone or by letter, within seven (7) days of receipt of the original request.
3. The copying cost charged by NWDB for providing copies of shall be \$1.50 per page. All copies shall be shipped to the person requesting the form by mail.
4. After payment is received by NWDB, copies shall be mailed within 30 days. Making of all copies and shipping within the 30-day time period shall be the responsibility of the fiscal department.
5. NWDB shall accept certified checks and money orders for requests for copies made in person. NWDB shall accept certified checks, money orders and personal checks as payment for copies of forms requested in writing.

Budgeting

Overview

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

Preparation and Adoption

NWDB prepares an annual budget on the accrual basis of accounting. To prepare the budget, the Finance Manager shall examine historical financial activity to aid in preparation of the first draft of the budget.

A draft of the budget is presented to the Executive Director for discussion, revision, and initial approval. The revised draft is then submitted to the NWDB board for discussion, review and approval.

NWDB adopts a draft budget prior to the beginning of the fiscal year. The purpose of adopting a draft budget at this time is to allow adequate time for the fiscal department to input the budget into the accounting system and establish appropriate accounting and reporting procedures (including any necessary modifications to the chart of accounts) to ensure proper classification of activities, and comparison of budget to actual once the year begins. The Board of Directors will review and approve the draft budget at the first quarterly meeting of the fiscal year, and the

draft budget will become official. This officially approved budget is subject to change throughout the fiscal year, with board approval, due to changes in funding.

Annual Audit – Refer to Subpart F of 2CFR 200.500-200.520

Role of the Independent Auditor

The County of Penobscot as the Fiscal Agent for the NWDB will arrange for an annual audit of the financial statements to be conducted by an independent accounting firm. Audited financial statements, including the auditor's opinion, will be submitted and presented to the Board of Directors by the independent accounting firm at the following quarterly meeting.

How Often to Review the Selection of the Auditor?

NWDB's Fiscal Agent 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 5 years to ensure competitive pricing and a high quality of service (this is not a requirement to change auditors every five 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 NWDB in selecting an accounting firm:

1. The firm's reputation in the nonprofit community
2. The depth of the firm's understanding of and experience with not-for-profit organizations [and federal reporting requirements under 2 CFR 200]
3. The firm's demonstrated ability to provide the services requested in a timely manner
4. The ability of the firm personnel to communicate with NWDB personnel in a professional and congenial manner

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

1. Period of services required
2. Type of contract to be awarded (fixed fee, cost basis, etc.)
3. Complete description of the services requested (audit, management letter, tax returns, etc.)
4. Identification of meetings requiring their attendance, such as staff or Board of Director meetings
5. Identification of need to perform audit
6. Other information considered appropriate
7. Description of proposal and format requirements
8. Due date of proposals

Minimum Proposal Requirements from prospective CPA firms shall be:

1. Firm background
2. Biographical information (resumes) of key firm member who will serve NWDB
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

NWDB shall form an audit subcommittee. Copies of all proposals shall be forwarded to each member of the audit subcommittee. After the audit subcommittee narrows down the field of prospective auditors to three firms, the Finance Manager and audit subcommittee will make the final recommendation to the Board of Directors for approval.

Preparation for the Annual Audit

NWDB shall be actively involved in planning for, and assisting with NWDB's independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the fiscal department shall provide assistance to the independent auditors by doing as much work as possible in order to assist the auditors and, therefore, reduce the cost of the audit.

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

Concluding the Audit

Upon receipt of a draft of the audited financial statements of NWDB from its independent auditor, the Fiscal Agent 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 NWDB
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 Fiscal Agent.

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

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 NWDB.

NWDB maintains adequate general liability insurance, as well as coverage for buildings, contents, computers, fine arts, equipment, machinery and other items of value.

Coverage Guidelines

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

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Directors and Officers	\$1,000,000
Professional Liability	\$1,000,000 for the contracted Finance Manager

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

1. Description (type of insurance)
2. Agent and insurance company
3. Coverage
4. Policy effective dates

Insurance Definitions

Workers' Compensation and Employer's Liability

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

Fidelity Bond

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

Comprehensive Liability

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

Administration of Federal Awards - Refer to Subpart D of 2 CFR 200.300-200.309

Definitions

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

- **Grant:** A financial assistance award given to NWDB to carry out its program purpose.
- **Contract:** A mutually binding legal agreement where NWDB agrees to provide supplies or services and the donor agrees to pay for them.
- **Cooperative Agreement:** A legal agreement where NWDB implements a program with the direct involvement of the donor.

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. However, all proposals shall be reviewed and approved in writing by the Executive Director prior to submission to government agencies or other funding sources.

Post-Award Procedures

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

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

Compliance with Laws, Regulations and Provisions of Awards

NWDB recognizes that as a recipient of Federal funds, NWDB is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. To ensure that NWDB 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, a NWDB employee within the department responsible for administering the award will be designated as "Grant/Project Manager" (GPM).
2. The GPM shall take the following steps to identify all applicable laws, regulations, and provisions of each grant and contract:
 - a. Read each award and prepare a summary of key compliance requirements and references to specific laws and regulations.
 - b. Review the "2 CFR 200" (updated annually) 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 applicable to the award.
3. The fiscal department shall forward copies of applicable laws regulations to the GPM
4. The GPM and/or the NWDB Fiscal Department shall identify and communicate any special changes in policies and procedures necessitated by Federal awards as a result of the review of each award.
5. The GPM shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but not be limited to, reviewing subsequent grant and contract renewals, reviewing annual revisions to the "2 CFR 200", and communications with Federal awarding agency personnel.
6. The GPM shall cooperate with NWDB's independent auditors by informing the CPA firm as to applicable laws, regulations, and provisions of contracts and grants and communicating known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the auditors.

Certification Regarding Debarment, Suspension and Other Responsibility Matters

This Certification is required by the Regulations implementing Executive Order 12549, Debarment and Suspension, 29 CFR Part 98, Section 98.510, Participants' Responsibilities. The Regulations were published as Part VII of the May 26, 1988 Federal Register (pages 19160-19211).

1. The inability of a person to provide the Certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the Certification set out below. The Certification or explanation will be considered in connection with the US Department of Labor's (DOL) determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a Certification or an explanation shall disqualify such person from participation in this transaction.
2. The Certification in this clause is a material representation of fact upon which reliance was placed when the US DOL determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous Certification, in addition to other remedies available to the Federal Government, the DOL may terminate this transaction for cause of default.
3. The prospective primary participant shall provide immediate written notice to the DOL, if at any time, the prospective primary participant learns its Certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. The terms "covered transaction", "debarred", "suspended", "ineligible", "lower tier covered transaction", "participant", "person", "primary covered transaction", "principal", "proposal", and "voluntarily excluded", as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the DOL for assistance in obtaining a copy of these regulations.
5. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the DOL.
6. The prospective primary participant further agrees by submitting this proposal that it will include the clause entitled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Transactions", provided by the DOL, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction, may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Lists of Parties Excluded from Procurement or Non-procurement Programs.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the DOL may terminate this transaction for cause or default.)

The prospective primary participant certifies to the best of its knowledge and belief that it and its principles:

1. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
2. Have not within a three-year period preceding this proposal been convicted of, or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction, violation of Federal or State antitrust statutes or commission of embezzlement;
3. Theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
4. Are not presently indicted for, or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph b of this Certification; and
5. Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

Where the prospective primary participant is unable to certify to any of the statements in this Certification, such prospective participant shall attach an explanation to the proposal.

Billing and Financial Reporting – Refer to Subpart D of 2 CFR 200.305

NWDB 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.

NWDB 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 the Finance Manager, subject to review and approval by the Board of Directors.

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

1. NWDB requests 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 invoice amounts.
4. All financial reports required by each Federal award will be prepared and filed on a timely basis. To the extent NWDB'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.

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

Cash Drawdown's

Cash drawdowns from Federal grants shall be made weekly in conjunction with the accounts payable and payroll schedule, based on need.

The Finance Manager shall request drawdowns from the State of Maine based on a listing of cash disbursements due to be paid within the next week.

In addition, the following schedule shall be completed to reconcile cash on hand and to estimate NWDB's need for additional funds:

+	Federal cash drawn to date
-	YTD expenses as of the end of the prior month
-	Estimated disbursements this month to date
=	Subtotal (Estimated cash on hand today)
-	Subrecipient reimbursement and actual cash needs (estimates cannot be used)
=	Amount to be requested

Solicitations of Bids from Vendors

All purchases in excess of \$5,000 but, less than \$25,000, shall be made by obtaining oral or written quotations from at least two responsible vendors.

All purchases of at least \$25,000, but less than \$100,000, shall be made by obtaining written quotations from at least two responsible vendors.

All purchases of \$100,000 or more shall be made by obtaining competitive proposals from at least three responsible vendors. Sealed bids shall be utilized when required by the Federal-awarding agency.

NWDB shall not utilize the "cost-plus-a-percentage-of-cost" method of contracting with vendors.

Provisions Included in all Contracts

NWDB includes all of the following provisions, as applicable, in all contracts (including small purchases) with vendors and sub-grants to grantees:

1. **Equal Employment Opportunity:** All contracts shall contain a provision requiring compliance with E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
2. **Copeland "Anti-Kickback" Act (18 U.S.C. 874 and 40 U.S.C. 276c):** All contracts and sub-grants in excess of \$2,000 for construction or repair awarded by NWDB and its subcontractors 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 subcontractor 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. NWDB reports 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 NWDB and its subcontractors 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. NWDB places 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. NWDB shall also obtain reports from contractors on a weekly basis in order to monitor compliance with the Davis-Bacon Act. NWDB 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):** All contracts awarded by NWDB 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 workweek of 40 hours. Work in excess of the standard workweek 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 workweek. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions that are unsanitary, hazardous, or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.
5. **Rights to Inventions Made Under a Contract or Agreement:** Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Federal Government and NWDB.

6. **Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended:** Contracts and sub-grants of amounts in excess of \$100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
7. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** For all contracts or sub-grants of \$100,000 or more, NWDB shall obtain from the contractor or sub-grantee a certification that it will not, and has not used Federally appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Likewise, since each tier provides such certifications to the tier above it, NWDB shall provide such certifications in all situations in which it acts as a sub-recipient of a sub-grant of \$100,000 or more.
8. **Debarment and Suspension (E.O.s 12549 and 12689):** For all contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) (currently \$100,000), NWDB shall obtain from the contractor a certification that neither the contractor nor any of its principal employees are listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Non-procurement Programs.
9. **Remedies:** All contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) (currently \$100,000) shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms.
10. **Termination:** All contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) (currently \$100,000) shall contain suitable provisions for termination by NWDB, 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.

Contracts/Subcontracts Issued to Service Providers

NWDB normally subcontracts services funded by public and/or private sources to appropriate contractors.

Policy on % Training Expenditure Requirement of WIOA Funds

The goal of the Local Workforce Development Board is to review annually the dollars for Direct Occupational Training, OJT and Supportive Services combined. At the beginning of each program year, the NWDB staff negotiates with the local service provider(s) on the targeted direct training and supportive services expenditure goals for the WIOA programs. Service provider(s) submit fiscal reports to the Workforce Board. The Board staff reviews these reports

quarterly. Annually, the Board will review and/or adjust this policy in light of available resources and other exigencies affecting service provision.

Sub-Recipient Monitoring Policy

Background: The Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule, 2 CFR 200, 12/26/14, ("Uniform Guidance") sets forth standards for obtaining consistency and uniformity in organizations expending Federal awards. In instances where the award recipient subcontracts with another organization to perform duties required or necessitated by the award, the award recipient is considered to be a *pass-through entity*. As a pass-through entity, the award recipient has monitoring obligations to ensure that the sub-recipient uses the award for authorized purposes and that the goals of the award are achieved.

Purpose: The purpose of this policy is to define subawards, identify roles and responsibilities for those requiring subrecipient monitoring, and provide guidance in fulfilling those responsibilities for grants and sponsored projects.

Definitions:

A "**subrecipient**" is the legal entity to which a subaward is made and which is accountable to NWDB for the use of the funds provided in carrying out an award.

A "**subaward**" is an award of financial support from NWDB ("prime recipient") to a qualified organization for the performance of a substantive portion of the program funded under the prime award. It does not include procurement of goods and services funded by a prime award, i.e., vendors are not considered subrecipients.

Policy: In accordance with Subpart D of 2 CFR 200.331, as a pass-through entity, NWDB will ensure the following as it relates to the subrecipients of federal funds.

A. Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information:

1. Federal Award Identification
 - Subrecipient Name (must match the DUNS number)
 - Subrecipient DUNS number
 - Federal Award Identification Number (FAIN)
 - Federal Award Date
 - Sub-award Period of Performance Start and End Date
 - Amount of Federal Funds obligated by this action
 - Total Amount of Federal Funds Obligated to the subrecipient
 - Total Amount of the Federal Award
 - Federal Award Project Description
 - Name of Federal Awarding Agency
 - Name of Pass-Through Entity (NWDB)
 - Contact information for awarding official
 - CFDA Number and Name

- Identification of whether the award is R&D
- Indirect Cost Rate for the Federal Award (if applicable)
- 2. Flow-down requirements imposed on subrecipient
- 3. Any additional requirements imposed on subrecipient
- 4. Subrecipient's federally-negotiated indirect cost rate agreement (if applicable)
- 5. A requirement that the subrecipient permit NWDB's auditors access to the subrecipient's records and financial statements as necessary for audit requirements.
- 6. Appropriate terms and conditions concerning closeout of the subaward.

B. Evaluate each subrecipient's risk for noncompliance to determine appropriate monitoring procedures.

C. Consider specific subaward conditions as appropriate.

D. Monitor activities as necessary to ensure compliance with federal regulations.

- Review financial and programmatic reports.
- Follow up on audit findings to ensure timely and appropriate action.
- Issue a management decision for audit findings.

E. Determine monitoring tools as appropriate based on risk assessment.

F. Ensure that each subrecipient is audited by Subpart F of 2 CFR 200.501 - Audit Requirements.

G. Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to NWDB's own records.

H. Consider taking enforcement action for noncompliance.

Administration of Policy: NWDB's Finance Committee shall oversee this policy and review it at least once every two years.

Adopted: (insert date)

Sub-Recipient Monitoring Procedure – Refer to Subpart D of 2 CFR 200.331

Who/When: Monitoring will be conducted by NWDB Fiscal Staff. Although monitoring is a continuous and on-going process, a formal on-site review and follow-up letter of findings/concerns shall be conducted and issued no less than annually. This monitoring will be conducted during the fiscal year being monitored and will be preventative in nature, as opposed to auditing which is conducted within 9 months following the end of fiscal year and is corrective in nature (see Annual Audit).

Pre-Site Visit: NWDB Fiscal Staff will coordinate as follows:

- Prepare Entrance Letter to contact person identified in subaward
- Set up time for on-site visit to monitor fiscal operations

- Distribute monitoring tool questionnaire (see attached) and request copies of the following:
 - Chart of Accounts
 - Cost Allocation Plan and/or Indirect Cost Rate Agreement
 - Check Register
 - Payroll Register
 - Financial Policies & Procedures
 - Quarterly Financial Reports for most recent quarter and supporting general ledger detail*
 - Drawdowns submitted for most recent month and supporting general ledger detail*

*NWDB routinely requires general ledger backup documentation for all of its drawdowns, so this information is generally already on hand and is routinely reviewed during the course of the year.

Site Visit: NWDB Fiscal Staff will interview subaward fiscal personnel to complete the monitoring tool questionnaire. NWDB is currently using the USDOL ETA's Core Monitoring Guide (2005), Core Activity 3 Financial Management Systems, as a monitoring tool. At the end of the Site Visit, NWDB staff will conduct a de-briefing exit interview with subaward personnel to review the results of the monitoring. The discovery of any issues will be identified and discussed, and the subrecipient will be given the opportunity to submit a corrective action plan to NWDB within 14 days of the visit.

Post Site Visit: NWDB Fiscal Staff will review monitoring results and corrective action plan submissions, if applicable and will issue a report to the subrecipient within 30 days of the Site Visit. The report will outline all issues & findings and determine if they have been resolved with a corrective action plan or remain outstanding. For all outstanding findings, a Corrective Action Plan will be requested from the Subrecipient within 14 days. NWDB will provide technical assistance on resolving the finding, as needed.

Audit Resolution Policy - Refer to Subpart F of 2 CFR 200.501-200.507

This audit resolution policy is in effect for audits of sub recipients of NWDB. Each sub recipient shall obtain an audit that meets the requirements of the appropriate OMB circular and forward a copy of the report to the Finance Manager of NWDB.

Upon receipt of the audit report, the Finance Manager will review the audit and comments in the audit, to determine if there are any areas that require attention. For those comments that require attention, the Finance Manager, NWDB's auditor and the Board Chairman will determine if the response by the sub recipient is adequate for acceptance as a Corrective Action Plan. Should there be no areas that require attention and/or should the responses be adequate for Corrective Action Plans, the Finance Manager will notify the sub recipient, thereby closing the file on the audit.

Should there be areas that require attention, or should the Finance Manager need further information, the sub recipient will be requested to submit the necessary information within thirty (30) working days. The Corrective Action Plan must be implemented by the sub recipient within six (6) months from the receipt of the audit report.

If the findings identify questioned costs that are subsequently disallowed during the audit resolution process, the Finance Manager shall require the sub recipient to repay the disallowed cost within sixty (60) working days of receipt of the notice of disallowance.

The sub recipient has the right under this policy to request a hearing on the decision concerning the findings of the audit. A written request for a hearing must be submitted to NWDB within thirty (30) calendar days of notification that the findings have been sustained. If the appeal request is found to be proper, a hearing official will be appointed, and the time and location of the hearing established. The sub recipient will be notified in writing of the hearing time and location, and the procedures of the hearing. Upon completion of the hearing, the hearing official will make a report to NWDB, who will then notify the sub recipient of the final decision.

At the end of the six (6) months from the receipt of the audit report by the sub recipient, a follow-up visit may be made to certify that the Corrective Action Plan has been implemented. If the sub recipient has not implemented the Corrective Action Plan, the Finance Manager will recommend that appropriate action be taken.

Equipment and Furniture Purchased with Federal Funds – Refer to Subpart D of 2 CFR 200.310-200.316

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

For purposes of Federal award accounting and administration, "equipment" shall include all assets with a unit cost equal to the lesser of \$5,000 or the capitalization threshold utilized by NWDB, described under Asset Management.

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

1. Any equipment that is owned by the Federal government and given to NWDB for use in a program shall be marked as such.
2. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to Federal awards.
3. 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, NWDB shall retain the equipment without any requirement for notifying the Federal agency. If the remaining per unit fair market value is \$5,000 or more, NWDB 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. NWDB Grant Manager shall determine whether a specific award with a Federal agency includes additional equipment requirements or thresholds and requirements that differ from those described above.

5. A physical inventory of all equipment purchased with Federal funds shall be performed at least once every two years. The results of the physical inventory shall be reconciled to the accounting records of and Federal reports filed by NWDB.

Standards for Financial Management Systems – Refer to Subpart D of 2 CFR 200.308

In accordance with 2 CFR 200, NWDB maintains a financial management system that provides for the following:

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

Functional Expense Allocations

As one of its financial management objectives, NWDB strives to determine the actual costs of carrying out each of its program service and supporting activities. In this regard, NWDB charges expenses to the appropriate category of program service or supporting activity. Expenses that serve multiple functions or are not readily identifiable with one function shall be allocated between functions whenever possible. Please refer to NWDB's Cost Allocation Plan for more detailed information

Budget and Program Revisions

NWDB requests prior approval from Federal -awarding agencies for any of the following program or budget revisions:

1. Change in the scope or objective of the project or program, even if there is no associated budget revision requiring prior written approval.
2. Change in a key person (project director, etc.) specified in the application or award document.
3. The absence for more than three (3) months, or a 10 percent reduction in time devoted to the project, by the approved project director or principal investigator.
4. The need for additional Federal funding.
5. The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa, if approval is required by the Federal-awarding agency.
6. The inclusion, unless waived by the Federal-awarding agency, of costs that require prior approval in accordance with 2 CFR 200.
7. The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense.
8. Unless described in the application and funded in the approved awards, the subcontract, transfer or contracting out of any work under an award (However, this provision does not apply to purchases of supplies, materials, equipment or general support services).

Charging of Costs to Federal Awards

Overview

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

Segregating Unallowable from Allowable Costs – Refer to Subpart E of 2 CFR 200.400-200.475

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

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.
2. Accounting personnel shall be familiar with the allow ability of costs provisions of 2 CFR 200, "Cost Principles for Non-Profit Organizations", particularly:
 - a. The list of specifically unallowable costs found in Attachment B (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 Attachment B, such as foreign travel, equipment purchases, etc.
3. No costs shall be charged directly to any Federal award until the cost has been determined to be allowable under the terms of the award and/or 2 CFR 200.
4. For each Federal award, an appropriate set of general ledger accounts shall be established in the chart of accounts of NWDB 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 NWDB or the performance of the award,
 - b. Restraints imposed by such factors as generally accepted sound business practices, arm’s length bargaining, Federal and state laws and regulations, and the terms and conditions of the award,
 - c. Whether the individuals concerned acted with prudence in the circumstances,
 - d. Consistency with established policies and procedures of NWDB, 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 NWDB, but where a direct relationship to any particular program or group of programs cannot be demonstrated.
3. The cost must conform to any limitations or exclusions of 2 CFR 200 or the Federal award itself.
4. Treatment of costs must be consistent with policies and procedures that apply to both Federally- financed activities and other activities of NWDB.
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. NWDB identifies and charges these cost exclusively to each award or program.

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

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

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 Costs

Indirect costs are those costs that either benefit more than one award (overhead costs) or non-Federal function or that is necessary for the overall operation of NWDB (management and general costs).

NWDB does not currently maintain an annual indirect cost budget. For more information, please see NWDB's Cost Allocation Plan.

Close Out of Federal Awards – Refer to Subpart D of 2 CFR 200.343

NWDB shall follow the close out procedures described in 2 CFR 200 and in the grant agreements as specified by the granting agency.

NWDB and all subcontractors shall liquidate all obligations incurred under the grant or contract within ninety (90) days of the end of the grant or contract agreement.

Travel – Refer to Subpart E of 2 CFR 200.473-200.474

Employee and Director Business Travel

At the conclusion of a NWDB business trip, an employee or board member that has incurred business-related expenses should complete an Expense Report in accordance with the following policies:

1. Identify each separately incurred business expense (i.e. do not group all expenses associated with one trip together)
2. With the exception of tips, tolls and reimbursed mileage, all business expenses must be supported with invoices/receipts.
3. For all lodging and any expenditure including meals, vendor itemized receipts/invoices must be submitted. Credit card charge slips do not represent adequate supporting documentation – an itemized 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 pass).
5. Mileage will be reimbursed at the rate of the Fiscal Agent currently in effect provided that sufficient documentation is provided. Sufficient documentation includes a printout from a web mapping tool (such as mapquest.com or Google Maps) as well as a copy of the agenda or other supporting documentation to substantiate the travel.
6. Mileage calculation for travel reimbursement: The mileage starting point for work related travel is either from work (NWDB) to the end destination or from employee's house to the end destination IF the total mileage from employee's house is less than using work (NWDB) as a starting point.

7. Actual lodging and meals may be reimbursed up to a maximum of the per diem rate of the currently published GSA Per Diem rates (<http://www.gsa.gov/portal/category/21287>) for the specific location in which the expense occurred.
8. The business purpose of each trip must be adequately explained on each report.
9. Project/function codes must be identified for all expenditures.
10. For all meals and other business expenditures, the following must be clearly identified:
 - a. Names, titles, organizations, and business relationships of all persons reimbursed with NWDB funds
 - b. The business purpose of the meal or other business event (topics discussed, etc.)
11. All expense reports must be signed and dated by the employee.
12. All expense reports must be approved by the Executive Director.
13. Only one expense report form should be prepared for each trip.
14. NWDB will only pay actual travel expenses except for mileage which is paid at the applicable rate of the Fiscal Agent currently in effect.
15. In-Travel Status: travel policies allow reimbursement for all meals when traveling overnight and for breakfast and/or dinner only when working an extended workday that is at least two hours longer than a normal day from 8:00am to 5:00pm. When working out of the office during normal work hours, reimbursement for lunch would not be allowed. The following applies:

What is the reimbursement for an extended work day?

A traveler may be reimbursed for meal expenses only after the traveler is in travel status for two hours beyond the traveler's regularly scheduled working hours for any one day. The two hours may consist of hours occurring before, after or a combination of both for the traveler's regularly scheduled working hours for the day.

Example based on an employee who begins their workday at 8:00am and ends their workday at 5:00pm:

- If the employee starts workday at 6:00am and ends workday at 5:00pm, they are entitled to Breakfast.
- If the employee starts workday at 8:00am and ends workday at 7:00pm, they are entitled to Dinner.
- If the employee starts workday at 7:00am and ends workday at 6:00pm, they may combine the hours to get EITHER Breakfast or Dinner, but not both.
- If the employee starts workday at 6:00am and ends workday at 7:00pm, they are entitled to BOTH Breakfast and Dinner.

For the maximum expense allowed for breakfast or dinner depending on time of extended day click on the following link:

<http://www.gsa.gov/portal/category/21287>) NWDB requires a receipt for all meals.

The above summary is not applicable to the reimbursement provisions of Subsection 10.40.70 of SAAM (meals when not in travel status). Please keep in mind that an employee may not stop for a meal just to meet the two hour rule.

Spouse/Partner Travel

NWDB 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.

Payroll and Related Policies

Classification of Workers as Independent Contractors or Employees

NWDB follows IRS regulations in making determinations about the classification of workers as independent contractors or employees.

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 a 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 a cash basis). Excluded from “compensation” are reimbursements of business expenses that have been accounted for by the contractor by supplying receipts and business explanations.

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

Payroll Administration

All NWDB employees are employees of the Fiscal Agent. A personnel file is established and maintained with current documentation. The following forms, documents and information shall be obtained and included in the personnel files of all new employees:

1. Form W-4 Employee Federal Withholding Certificate
2. Form I-9 Employment Eligibility Verification
3. Authorization for direct deposit of paycheck, along with a voided check or deposit slip,
4. Copies of insurance applications, including but not limited to health, life and retirement.

Changes in Payroll Data

All the following changes in payroll data are to be authorized in writing:

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

New hires, terminations, and changes in salaries or pay rates shall be authorized in writing by the appropriate department director.

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

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

Payroll Taxes

The Fiscal Agent is responsible for ensuring all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid. The services of an outside payroll service center may be utilized for the processing of payroll. The payroll service will be required to complete and file all tax forms as needed by state and federal law.

Processing of Timesheets

The Fiscal Agent uses the timesheet to process payroll. Allocation of time between the various NWDB programs is not done at this time; only the separation of time worked vs. Paid Time Off is recorded at this point. Fiscal Agent issues check or direct deposit to NWDB personnel after processing of payroll.

At the end of the month, Fiscal Agent issues an invoice to NWDB containing Personnel Costs for that month, including wages as well as benefits. Finance Manager records invoice and uses timesheets for that same period to allocate costs between programs.

Personnel Policies and Procedures

Business Conduct

Practice of Ethical Behavior

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

Each employee must apply her/his 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. It is each employee's responsibility to apply 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:

- Is my action legal?
- Is my action ethical?
- Does my action comply with NWDB policy?
- Am I sure my action does not appear inappropriate?
- Am I sure that I would not be embarrassed or compromised if my action became known with NWDB or public?
- Am I sure that my action meets my personal code of ethics and behavior?
- Would I feel comfortable defending my actions on the 6 o'clock news?

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

Each Director, Manager and supervisor is responsible for the ethical business behavior of her/his subordinates. Directors, Managers, and supervisors must weigh carefully 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.

Conflicts of Interest

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

Compliance with Laws, Regulations, and Organization Policies

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

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

Disciplinary Action

Failure to comply with the standards contained in this policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to NWDB 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:

- Against any employee who authorizes or participates directly in actions that are a violation of this policy.
- Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
- 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.

Fraud Policy

Scope

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

Policy

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

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

Actions Constituting Fraud

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

1. Any dishonest or fraudulent act.
2. Forgery or alteration of any document or account belonging to NWDB.
3. Forgery or alteration of a check, bank draft, or any other financial document
4. Misappropriation of funds, securities, supplies, equipment, or other assets of the Board.
5. Impropriety in the handling or reporting of money or financial transactions
6. Disclosing confidential and proprietary information to outside parties
7. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to the NWDB. Exception: gifts less than a nominal in value.
8. Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment.
9. Borrowing of organization funds by an employee (loans). Employee loans are not allowed.
10. Any similar or related irregularity.

Investigation Responsibilities

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

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

If suspected fraud or other wrongdoing involves programs funded in whole or in part with federal funds, additional responsibilities, such as special reporting and disclosure to the awarding agency, may apply to NWDB. NWDB fully complies with all additional reporting, disclosure and other requirements pertaining to suspected acts of fraud as described in award documents.

Confidentiality

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

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

Authority for Investigation of Suspected Fraud

Members of NWDB Board will have:

1. Free and unrestricted access to all NWDB records and premises, whether owned or rented; and
2. The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior

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

Reporting Procedures

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

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

Complaints involving criminal fraud, waste, abuse or other criminal activity must be reported immediately to MDOL and to USDOL through the Incident Reporting System, the office of Inspector General (OIG), OIG Hotline.

Fraud / Abuse Reporting

NWDB maintains that detection of fraud and abuse in workforce investment programs for which it is responsible is of the highest priority. NWDB must be made aware of any actual, potential or suspected fraud; gross mismanagement or misuse of program funds; conduct violations; violations of regulations; and abuse in any programs and operations overseen by this local area. 20 CFR 667.630 identifies how complaints and reports of criminal fraud and abuse are addressed under WIOA, TEGl 02-12 provides updated policy and procedures for reporting and investigating allegations of wrongdoing or misconduct.

The Incident Report (IR) form, Office of Inspector General (OIG) 1-156 is the official form used for reporting allegations of criminal and other illegal or improper activities in workforce investment funded programs overseen by the LWIB. Allegations are to be reported to the OIG, and within the ETA (Employment and Training Administration), the Office of Financial and Administrative Management (OFAM) and the Office of Regional Management (ORM).

Incidents using the IR form may involve allegations of fraud, misfeasance, nonfeasance or malfeasance; allegations involving misapplication of funds, allegations of gross mismanagement; allegations of employee/participant misconduct and other potential or suspected criminal actions.

IR 1-156 form can be accessed at:

http://wdr.doleta.gov/directives/attach/TEGL/TEGL_2_12_att_c.pdf

When the OIG receives an IR, they determine whether the allegations have merit and, when appropriate, conduct or arrange for an investigation or audit. If the OIG determines that the case does not have investigative or audit merit, the case is referred back to the ETA for resolution.

NWDB or other entities wishing to report suspected fraud or abuse directly must use the following procedures for notifying the appropriate administrators of known or suspected cases of criminal or other illegal or improper activities involving grantees and other recipients or sub recipients of Federal funds from ETA. The OIG (Office of Inspector General) operates a hotline to receive and process allegations of fraud, waste, and abuse concerning DOL grants, programs and operations. Allegations received directly through the Hotline, and written complaints from the public pertaining to ETA funded grants and programs, are referred by the OIG to OFAM when appropriate.

NWDB or complainants must immediately document allegations, suspicions and complaints involving possible fraud, program abuse and criminal misconduct using the IR form available at: [http://wdr.doleta.gov/directive/attach/TEGL/TEGL_2_12_att\)c.pdf](http://wdr.doleta.gov/directive/attach/TEGL/TEGL_2_12_att)c.pdf) .

Situations involving imminent health or safety concerns, or the imminent loss of funds exceeding an amount larger than \$50,000 are considered emergencies and must immediately be reported to the OIG and OFAM by telephone and followed up with a written report in the form of an IR, no later than one (1) working day after the telephone report.

OIG Hotline Referrals: All NWDB/sub grantees must notify their employees of the availability of the "OIG/DOL Hotline" to report information, confidentially. The Hotline (1-800-347-3756) or hotline@oig.dol.gov was established for employees and the public to notify the OIG of suspected fraud, abuse or waste without fear of reprisal, the Hotline permits reporting of matters anonymously.

Information supplied via the Hotline should be as specific as possible to enable the OIG to identify and solve the problem. The Hotline should not be used for resolving employee grievances, EEO compliance, labor disputes or other personal concerns.

OFAM must screen and record all Hotline referrals from the OIG pertaining to ETA and send the referrals to the appropriate regional administrator (RA/RD/NOA) for action. The Regional Administrator must send OFAM an initial response to all hotline referrals no later than two weeks after receiving the referral, and must continue to provide updates in the quarterly tracking report until the complaint is closed and a final response sent to OFAM.

No action of any kind will be taken against any complainant for providing information in accordance with these procedures or for disclosing information concerning criminal or improper activities or making a valid complaint to proper authorities. Complainants may remain anonymous. If a complainant considers that his/her position will be compromised by reporting information through the IR system, he/she may send the report directly to the OIG or OFAM.

NWDB/sub grantees must be familiar with the content of this policy and TEGL 02-12 and follow the procedures set forth herein for documenting, immediately reporting to the OIG, and following up on instances of alleged, suspected or known fraud, program abuse and criminal misconduct involving grantees and other recipients or sub recipients of Federal funds from ETA.

Related Definitions

Emergency: A situation involving imminent health or safety concerns, or the imminent loss of funds exceeding an amount much larger than \$50,000.

Employee/Participant Misconduct: Actions occurring during or outside work hours that reflect negatively on the Department or its mission including, but not limited to: conflict of interest or the appearance of conflict of interest involving outside employment, business and professional activities; the receipt or giving of gifts, fees, entertainment, and favors; misuse of Federal

property; and, misuse of official information and such other activities as might adversely affect the confidence of the public in the integrity of the government (See 29 CFR Part 0; 5 CFR Parts 2635 and 5201) as well as serious violations of Federal and State laws.

Fraud, Misfeasance, Nonfeasance or Malfeasance: Any alleged deliberate action which may be in violation of Federal statutes and regulations. This category includes, but is not limited to, indications of bribery, forgery, extortion, embezzlement, theft of participant checks, kickbacks from participants or contractors, intentional payments to a contractor without the expectation of receiving services, payments to ghost enrollees, misuse of appropriated funds, and misrepresenting information in official reports.

Gross Mismanagement: pertains to actions or situations arising out of management ineptitude or oversight and leading to a major violation of the legislative process, regulations, or contract/grant provisions. Such actions or situations have the potential to severely hamper accomplishment of program goals, waste government resources, and jeopardize future support for a particular project, including but not limited to: un-auditable records, unsupported costs, highly inaccurate fiscal reports or program reports, payroll discrepancies, payroll deductions not paid to the Internal Revenue Service and lack of good internal control procedures.

Incident Report Form IR-OIG 1-156: The primary form for reporting instances of fraud, misapplication of funds, gross mismanagement, and any other incidents of known or suspected criminal or other serious activities. This form may also be used for interim and final reports.

Misapplication of Funds: Any alleged deliberate use of funds, assets or property not authorized or provided for by legislation or regulations, grants or contracts. This category includes but is not limited to: nepotism, political patronage, use of participants for political activity, ineligible enrollees, conflict of interest, and failure to report income from Federal funds, violation of contract/grant procedures, and the use of Federal funds for other than specified purposes. An incident report should be filed when there appears to be an intent to misapply funds rather than merely for a case of minor mismanagement. Indian and Native American programs are excluded from the nepotism category, as cited in 20 CFR 632.118 subpart F of WIA regulations.

Open IR: An IR is considered open until the originating or responsible ETA office determines that it has been resolved and reports it as closed on the quarterly OFAM tracking report.

Special Notes

Any person or organization who knowingly submits false or fraudulent claims or written, certified statements, for money, services, or property is subject to the Program Fraud Civil Remedies Act. NWDB is required to maintain a fraud and abuse policy that complies with this regulation. This policy and procedure will be reviewed during the annual monitoring of NWDB.

NWDB has the responsibility to ensure that any sub recipients comply with this regulation. This policy and procedure should be reviewed during the annual sub recipient monitoring.

NWDB must provide its sub recipients with written notification of their responsibility regarding instances and reporting of fraud, abuse, and criminal activity or noncriminal incidents, such as waste, committed by staff, contractors, or program participants and to report all such instances to the LWIB, BES, and OIG immediately. The LWIB will maintain a file of such written notification and provide clear and concise reports on any such activity or incident.

Employee Rights

The State Whistle Blower Law protects employees reporting fraudulent or wrongful acts and those who cooperated with the investigation will be protected from retaliatory actions.

Examples of Fraudulent or Wrongful Acts

Fraudulent or wrongful acts include, but are not limited to, the following:

- Establishing claims with bogus wages
- Taking and processing unemployment claims of friends or relatives
- Conducting any type of audit of employers or claimants that are relatives or friends
- Intentionally authorizing an improper claim
- Initiating claims for fictitious claimants
- Misappropriating outgoing or returned benefit checks
- Pocketing repayment made by overpaid claimant.
- Extorting money or accepting favors from program participants
- Receiving kickbacks
- Diverting refund checks
- Receiving gifts from vendors or prospective vendors
- Initiating bogus refunds
- Misusing blank or voided checks
- Overstating travel expense reimbursements
- Forging checks or other source documents
- Misuse of Agency owned property
- Intentional authorization of ineligible participation in agency programs
- Deliberately inputting erroneous data
- Abuse of position for personal gain
- Obtaining conflicting secondary employment
- Intentional preparation of inaccurate fiscal or program reports
- Misuse of confidential information
- Failure to report income from Federal grants
- Destroying Agency records to conceal fraudulent or wrongful acts
- Authorizing invoices for which you know goods or services will not or have not been received
- Misuse of petty cash

Reporting Contacts

Main Address & Phone Number
Office of Inspector General
200 Constitution Avenue, NW
Room S-5502
Washington, DC 20210
(202) 693-5100
Region 1- Regional Administrator
US Department of Labor
Employment & Training Administration
JFK Federal Building, Room E-350
Boston, MA 02203
(617) 788-0170

OIG Complaints Analysis Hotline
200 Constitution Avenue, NW
Room S-5506
Washington, DC 20210
(202) 693-6999 or 1-800-347-3756

Office of Audit
Assistant Inspector General
200 Constitution Avenue, NW
Rm. S-5512
Washington D.C. 20210
(202) 693-5170

Ethical Conduct in Purchasing

Ethical Conduct

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

Staff shall discourage the offer of, and decline, individual gifts or gratuities of value in any way that might influence the purchase of supplies, equipment, and/or services. Staff shall notify their immediate supervisor if they are offered such gifts. Gifts to NWDB, viewed as normal business incentives to obtain future organization-approved business such as for meeting sites, are acceptable donations.

Conflicts of Interest Prohibited

No officer, board member, employee, or agent of NWDB 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 organization 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 of NWDB shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors or parties to sub-agreements. However, unsolicited gifts of a nominal value may be accepted with the approval of the Executive Director.

Receipt and Acceptance of Goods

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
4. Note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.)
5. Sign and date the bill of lading
6. Retain a copy of the bill of lading
7. Remove the packing slip from each box/container
8. Compare the description and quantity of goods to the purchase order to the packing slip
9. Examine goods for physical damage
10. Any goods transferred to another location will have the prior approval of the Executive Director

Political Intervention

Prohibited Expenditures

NWDB board members and all staff 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. Political intervention does not include lobbying activities, defined as the

direct or indirect support or opposition for legislation, which is not prohibited under the Internal Revenue Code for NWDB. Examples of prohibited political expenditures include, but are not limited to, the following:

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

Endorsements of Candidates

NWDB shall 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 NWDB, when these individuals are acting on behalf of, or are otherwise representing NWDB.

Certification Regarding Lobbying

1. No Federally appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with a Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit the Standard Form - LLL "Disclosure Form to Report Lobbying", in accordance with its instructions.

Submission of the certification is a prerequisite for making or entering into a transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of no less than \$10,000 and not more than \$100,000 for each such failure.

Prohibited Use of Organization Assets and Resources

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

Technology and Electronic Communications

Purpose and Scope

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

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

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

Acceptable Use of Organization Property

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

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

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

Password Security

Users are responsible for safeguarding their login passwords. Passwords may not be shared, nor should they be printed or stored on-line. Users should not leave their computers unattended without logging off.

Electronic/Digital Signatures

Employees and independent contractors of NWDB and its Fiscal Agent are permitted to utilize electronic/digital signatures provided that they do not share these signatures with other parties. The signatures must be maintained on the employee/contractor's password-protected computer.

Other Prohibited Uses

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

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

4. Proselytizing or promoting any religious belief or tenet.
5. Campaigning for or against any candidate for political office or any ballot proposal or issue.
6. Sending, forwarding, redistributing or replying to "chain letters."
7. Unauthorized use of passwords to gain access to another user's information or communications on NWDB systems or elsewhere.
8. Advertising, solicitation or other commercial, non-program uses.
9. Knowingly introducing a computer virus into NWDB's communication system or otherwise knowingly causing damage to NWDB's systems.
10. Using NWDB's systems in a manner that interferes with normal business functions in any way, including but not limited to, streaming audio from the Internet during business hours, stock tickers, installing unauthorized software, etc.
11. Excessive personal use of NWDB's technologies that preempts any business activity or interferes with organizational productivity.
12. Sending e-mail messages under an assumed name or obscuring the origin of an e-mail message sent or received.

Disciplinary Action for Violations

NWDB requires all users to adhere to this policy. Violations of this policy will result in disciplinary action, up to and including termination of employment or cancellation of contracts.

Reporting of Suspected Violations

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

Timekeeping/Payroll

Timekeeping

Accurately recording time worked is the responsibility of every employee. Time worked is all the time actually spent on the job performing assigned duties.

Federal and State laws require NWDB to keep an accurate record of time worked to calculate employee pay and benefits. Employees should accurately record the time they begin and end their work. They should also record the beginning and ending time of any split shift or departure from work for personal reasons. Overtime work for any non-exempt hourly employee must always be approved before it is performed.

Altering, falsifying, tampering with time records, or recording time on another employee's time record is prohibited and considered a major offense which could result in suspension, or discharge depending on the circumstances.

It is the employee's responsibility to sign his or her time record to certify the accuracy of all time recorded. The supervisor will review, verifying the accuracy of the time sheet to the best of their knowledge and then initial the time record before submitting it for payroll processing.

Supervisors have a responsibility to be aware of the work habits and time reporting practices of their employees under their supervision.

Preparation of Timesheets

Each NWDB employee shall keep timesheets on a weekly basis. All employees must submit authorized timesheets, approved by his/her supervisor, to the Finance Manager and to the Fiscal Agent.

1. Each timesheet shall reflect all hours worked during the pay period (time actually spent on the job performing assigned duties)
2. Timesheets shall be prepared in ink or electronically
3. Compensated absences (vacation, holiday, sick leave, etc.) should be clearly identified as such
4. Timesheets shall be signed by the employee prior to submission
5. Corrections identified by supervisor shall be authorized by the employee by placing the employee's initials next to the change.

Pay Periods

All employees are paid weekly. Each paycheck will include earnings for all work performed during the stated pay period.

For definition purpose:

A **work week** is defined for payroll purposes and for calculating pay for non-exempting employees as beginning at 12:01a.m. on Sunday and ending at 12:00 midnight the following Saturday.

Employment Termination

Termination of employment is an inevitable part of personnel activity within any organization, and many of the reasons for termination are routine. Below are examples of some of the most common circumstances under which employment is terminated:

- **Resignation** – employment termination initiated by an employee who chooses to leave the organization voluntarily.
- **Discharge** – employee termination initiated by the organization
- **Layoff** – involuntary employment termination initiated by the organization for non-disciplinary reasons.
- **Retirement** – Voluntary retirement from active employment status initiated by the employee.
- **Unauthorized Absence** – Absence from work for a period of three or more days without permission from the employee's immediate supervisor shall be considered a voluntary resignation by the employee. Unauthorized absences from work for fewer than three days, without permission of the employee's immediate supervisor, shall result in disciplinary action, up to and including termination.

Employee benefits will be affected by employment termination in the following manner. Generally, all accrued benefits that are due and payable at termination will be paid. Some benefits may be continued at the employee's expense if the employee so chooses. The employee will be notified in writing of the benefits that may be continued and of the terms, conditions, limitations of such continuance.

Administrative Pay Corrections

The employee should promptly bring any discrepancy in their pay to the immediate attention of the payroll department so that corrections can be made as quickly as possible.

Pay Deductions

The law requires that NWDB make certain deductions from every employee's compensation. Among these are applicable federal, state, and local income taxes. NWDB also must deduct Social Security taxes on employee's earnings up to a specified limit that is called the Social Security wage base. NWDB contributes to the overall amount of Social Security taxes paid on behalf of each employee.

NWDB offers programs and benefits beyond required by law. Eligible employees may voluntarily authorize deductions from their pay checks to cover the costs of participations in these programs.

If you have any questions concerning why deductions were made from your pay check or how they were calculated, the payroll office can assist in having your questions answered.

Work Conditions & Hours

Vacation and Leave

Accrued Leave

The Fiscal Agent's personnel policy permits employees who have completed their probationary period to accumulate vacation, as follows:

<u>Years of service</u>	<u>Monthly Vacation Allotted</u>
0-6 years of service	7.34 hours
6-14 years of service	10.67 hours
15-19 years of service	14 hours
20+ years of service	17.34

If no sick time is used for a calendar month, 2 hours will be added to the vacation time at the beginning of the next month.

An employee can carry over a maximum of 160 vacation and 720 sick time.

When an employee resigns, they are entitled to all of their vacation time, If an employee is here less than 10 years, they forfeit their sick time, but if they are here more than ten years, the amount of sick time paid is pro-rated.

If an employee is fired, they are entitled to their vacation time (Federal law); but not their sick time.

Work Schedules

The normal office hours for all non-exempt employees are eight (8) hours a day, five days a week. Supervisors will advise employees of the times their schedules will normally begin and end. Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variations in the total hours that may be scheduled each day and week. Any hourly employee must have authorization from their supervisor prior to any overtime worked. Exempt employees are ordinarily expected to be in the office during normal office hours. However, it is recognized that an exempt employee may be required to work outside the office location and beyond normal office hours.

Lunch Breaks

All full-time employees are provided with a maximum of one-hour lunch period each work day. Supervisors will schedule lunch periods to accommodate operating requirements. Employees will be relieved of all active responsibilities and restrictions during meal periods and will not be compensated for that time.

Attendance and Punctuality

To maintain a safe and productive work environment, NWDB expects employees to be reliable and to be punctual in reporting for scheduled work. Absenteeism and tardiness place a burden on other employees and on NWDB. In the rare instances when employees cannot avoid being late to work or are unable to work as scheduled, they should notify their supervisor as soon as possible in advance of the anticipated tardiness or absence.

Everyone who works a regular work week at NWDB has a responsibility to provide at least an honest 40 hours of diligent work in return for their compensation. Supervisors have a responsibility to assure that all employees under their supervision are giving the agency at least an honest and diligent 40 hour each week – unless the employee is part-time.

Poor attendance and excessive tardiness are disruptive. Either may lead to disciplinary action, up to and including termination of employment.

Storm Policy

In the event of a major weather event, NWDB will close if the County of Penobscot offices are closed. The executive director will notify staff of the closing. However, if you see on television or hear on the radio that the county offices are closed, it is safe to assume that NWDB is closed as well.

If NWDB remains open and an employee expects to be out of work due to a major weather event, they should call in and indicate this to their supervisor. Employees should record as **VACATION TIME** any time lost due to a major weather event if the employee calls in for the entire day. Even if the office is later closed due to a major weather event.

On occasion, the office may be closed for part of the day due to a **major weather event**. For all employees at work when the office is closed, the remainder of the work day should be charged to regular work hours (noting the weather day.)

Employees may work at home during a weather event **with prior approval of their supervisor**. It is impossible to anticipate every situation that may be encountered during various weather events, NWDB expects each employee to exercise good judgement and to ensure their personal safety in making decisions to travel during a weather event.

Use of Telephone and Mail Systems

All long-distance and toll calls for personal use are to be charged to the employee. Employee's will be required to reimburse NWDB for any charges resulting from their personal use of the telephone for long-distance and toll calls above \$5.00 per month. The Accounting Department will invoice employee for accumulated total of calls to be reimburse to NWDB.

Personal usage of any NWDB mail/delivery services is not allowed.

Mail Handling

All items received from USPS, Private Courier, facsimile, electronically or internally classified as mail. Items can arrive in a variety of forms, including paper documents, maps and plans, computer disks, and any other medium used for communication information. The management of mail has an important role to play in supporting NWDB's accountability. The establishment of procedures on the handling of mail provides an audit trail for NWDB to comply with regulatory requirements.

Registration: All incoming mail is to be date stamped and logged

Confidentiality and Privacy: NWDB recognizes all incoming mail from any source as being mail sent in the normal course of business. Staff should seek to ensure that personal mail is sent to their private home address. Where mail is marked Confidential, Private and/or Personal, the envelope will be date stamped and sent unopened to the addressee.

Tobacco Policy

Tobacco products are not allowed in the building, whether in common areas or private offices, and the entire building is designated smoke free. Smoking is not allowed on the entrances to the building.

This policy applies equally to all employees, tenants, clients and visitors.

Employee Cellular Phone Usage

This procedure about cellular phone usage applies to any device that makes or receives phone calls, leaves messages, sends text messages, surfs the Internet, or downloads and allows for the reading of and responding to emails whether the device is company-supplied or personally owned.

Employees whose job responsibilities include regular or occasional driving are expected to refrain from using their cellular phone while driving. Safety must come before all other concerns. Regardless of the circumstances, including slow or stopped traffic, employees are strongly encouraged to pull off to the side of the road and safely stop the vehicle before placing or accepting any type of message.

This prohibition of cell phone or similar device use while driving includes receiving or placing calls (except when utilizing a blue tooth device), text messaging, surfing the Internet, receiving or responding to email, or any other purpose related to your employment; the business; our customers; our vendors; volunteer activities, meetings, or civic responsibilities performed for or attended in the name of the company; or any other company related activities not named here while driving.

Employees who are charged with traffic violations resulting from the use of their phone while driving will be solely responsible for all liabilities that result from such actions. Safety violations regarding cell phone usage will be subject to the highest forms of discipline, including termination.

Personal Cellular Phones at work – While at work employees are expected to exercise the same discretion in using personal cellular phones as is expected for the use of NWDB phones. Excessive personal calls during the workday, regardless of the device used, can interfere with employee productivity and be distracting to others.

Business Travel Expenses

The purpose of this policy is to provide a uniform policy covering business travel expenditures; to set forth guidelines to request travel arrangements and to provide procedures for the preparation and reporting of travel expenses for all employees of NWDB.

The objective of this policy is to ensure that employees are reimbursed for all necessary and reasonable business expenses incurred and that the company has sufficient documentation to completely fulfill Internal Revenue Services and internal control requirements.

It is the intention of NWDB that no employee suffer a financial loss nor experience a financial gain because of this policy.

It is the responsibility of all individuals traveling on company business to understand and comply with the provisions of this policy regarding the incurring and reporting of business related expenses.

All in-state and out-of-state business travel must be approved in advance by the employee's supervisor.

It is impossible to anticipate every situation that may be encountered while traveling on business. We expect each employee to exercise good judgement in incurring travel expenses.

Please refer to the Travel section of the Financial Policies and Procedures Manual for travel reimbursement procedures.

Travel Guidelines

Travel Planning

Whenever possible, plan company business travel in advance to save on travel costs. This is particularly advised for trade shows and convention travel, when dates are generally known ahead of time.

Changes

It is important to understand that, in most cases, changes made after the purchase of airline tickets generally result in higher costs and may result in additional penalty charges.

Ensure guaranteed hotel reservations are canceled to avoid charges, should your plans change.

Air Travel

NWDB employees traveling on company business domestically are encouraged to take advantage of special discounted fares whenever possible. Therefore, try to make travel arrangements at least three (3) weeks in advance. Domestic air travel will be limited to coach class of service.

Personal Autos

Employee will be reimbursed for mileage based on the maximum allowable Mileage Reimbursement Rates for the County of Penobscot. All traffic violations, moving or stationary, are not reimbursable.

Parking and Tolls

All airport parking should be in a long-term lot. Tolls, metered parking, and garage parking fees incurred while on company business are reimbursable.

Lodging

Employees are authorized to stay in business-oriented hotels, not luxury accommodations. A clean, comfortable room, at a reasonable rate should be the determining criteria in all cases.

Reservations should always be secured at corporate or preferred rates.

Room sharing should be considered during training sessions, sales meetings, attendance at shows or conventions, and whenever appropriate.

Meals & Beverages

While away from home on company business, NWDB will reimburse employee the actual cost up to the cited per diem amounts cited on the GSA Per Diem Rates for Federal Employees as identified at <http://www.gsa.gov/portal/content/101518>.