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Family and Workforce Centers of America (FWCA) is the fiscal agent and workforce support organization for Saint Louis County Workforce Development.

SUBJECT:

Fiscal Policies and Procedures

ATTACHMENTS (if any): N/A

This Issuance is an official policy of St. Louis County Workforce Development.

This Issuance Affects:

- Workforce Innovation and Opportunity Act (WIOA) Programs
- Title I: Adult
- Title I: Dislocated Worker
- Title I: Youth

FOR THE ATTENTION OF:

All applicable WIOA staff or subcontractors—Implementation of this issuance is immediate and continuous.

RESCISSIONS: N/A

REFERENCES:

State of Missouri – DHEWD: Operations – Fiscal and Budget - OWD

SUMMARY

St. Louis County Workforce Development (STLCOWD) policy is to provide guidelines and requirements for fiscal policies and procedures.

BACKGROUND

STLCOWD's Fiscal Policies and Procedures outlines guidelines and requirements for FWCA's Executive Leadership and STLCOWD's staff.

SUBSTANCE

A. FISCAL POLICIES & PROCEDURES

I. Accounting Principles

Accounting may be defined as the act of analyzing, recording, and summarizing financial transactions of an economic enterprise to reflect the condition and conduct of the business. A principle is "a rule of action or conduct" devised to ensure adequate and proper accounting.

- a. Financial records will be maintained on a double-entry basis and will be maintained in accordance with Generally Accepted Accounting Principles. This basis requires corresponding debit and credit entries for every transaction. It accordingly, produces a balance between assets, other resources, expenditures, and liabilities, other credit, proprietorship and revenues. To maintain this balance, entry of an amount to the debit side of an account(s) requires entry of a corresponding amount(s) to the credit side of another account(s).
- b. Accounting will be on a full accrual basis. The accrual basis of accounting is that method whereby revenues are recorded on the books of account at the time they are earned by the agency and expenditures are recorded when benefits are received. In contrast, the cash basis of accounting is that method whereby revenues are not recorded until received and expenditures are not recorded until paid. This should be done to present an accurate picture of resources, which will be realized in the course of operations, and to prevent an overstatement of assets and equity accounts on the periodic statements of financial position.
- c. Revenue and expenditure accounts will be maintained on a gross basis. Disbursements in the nature of expenditures will not be debited to revenue accounts, nor will revenue type receipts be credited to expenditure accounts. Refunds of expenditures, pertaining to current year transactions, will be credited to expenditure accounts. If a refund is certain to be made or received in a subsequent year, it should be accrued as receivable before records are

closed for the current year. Separate accounts must be used for significant refunds related to a prior year.

- d. Budgetary control of revenues and expenditures will be maintained. The budget, which is reflected in a contract between the provider agency and the funding agency and any subsequent amendments thereto, will be properly recorded for each account to facilitate comparison of actual and appropriate amounts and compliance with budgetary constraints. The budget determines the nature and scope of financial operations expenditure amounts and sources of revenue on the one hand, and the amounts and purposes of expenditures on the other. The accounts, in summary and detail, record both the planned revenues and expenditures and the actual transactions as financial events take place.
- e. Unearned revenue will not lapse at the close of the year. Advances received from funding sources in excess of net reimbursable expenditures shall be set up as a liability to the funding source. Gifts and donations for designated purposes shall be established as a trust liability in the agency books.
- f. Control of receivables shall be maintained. Current receivables and charges established by accruals shall be recorded to facilitate control of and accounting for such assets.
- g. There must be compliance with all legal requirements. The agency accounting must comply with state/federal laws, ordinances, and other legal requirements. This includes compliance with all regulations of the internal revenue service and other taxing authorities, including timely payments for all taxes owed.
- h. An adequate chart of accounts will be maintained, which will provide internal consistency throughout the accounting cycle including budgeting, accounting, auditing and reporting.
- i. Internal control will be established and maintained. Employees' duties and responsibilities have been assigned, and procedures are clearly established to maintain effective accounting control over resources of the agency. Good internal control requires the separation of the following duties: (a) custody of agency resources; (b) authorization of transactions affecting these resources; and (c) record-keeping of transactions.
- j. Financial statements and reports showing the current condition of budgetary and proprietary accounts are prepared monthly to control financial operations. At the close of each fiscal year, a comprehensive annual financial report covering all funds and financial operations of the agency is prepared.

To facilitate tightened controls of all revenues and expense expenditures but to its contracts, STLCOWD maintains separate jobs for each contract. This not only assures the appraised segregation of agency expenditures, but also allows the agency to more effectively utilize each contract.

- k. The fixed asset accounts should be maintained based on original cost, or in the case of gifts, the appraised value at the time of receipt.
- l. Depreciation on fixed assets should be recorded in a double entry bookkeeping system at least annually.

B. ACCOUNTING POLICIES AND PROCEDURES

- 1. All transactions pertaining to cash, investments, accounts receivable, accounts payable, inventories, trust accounts, actual revenues, and actual expenditures are recorded in the financial records.
- 2. The agency maintains a current and complete chart of accounts.
- 3. A double-entry accounting system is used, which includes a general ledger, source journals, and subsidiary records.
- 4. Standard journal entries are used extensively.
- 5. All balance sheet accounts are reconciled monthly and reviewed by the President/CEO.

I. Cash Receipts

- a. All cash receipts are recorded and copied on the daily receipts sheets and deposited daily by the Fiscal Manager.
- b. A receipt is issued for all cash received.
- c. All checks are deposited through remote (electronic) deposit to the bank. After deposit is completed two (2) reports are printed: Deposit Detail Receipt and Deposit Image Report. They are then filed in receipt binder. When not available, checks are copied and for deposit only endorsement is written on back of check and deposited.
- d. A deposit slip is prepared.
- e. Bank reconciliations are prepared by the Executive Vice President-Finance or Senior Fiscal & Program Manager and reviewed by the CEO.

II. Cash Disbursements

- a. Purchases of goods and services are initiated and authorized through a contract, lease agreement, purchase requisition or a check requisition. (The Finance Department shall specify the format of standard forms, such as the check requisition.) The purchase requisition or check requisition

form is signed by the staff member initiating the request and approved by the Department Vice President or Director when the purchase involves a grant or contract. If the purchase is from general funds the CEO shall sign the form.

- b. An approved check requisition form or an invoice/ receipt for the expenditure must be submitted to the accounts payable for processing. An approved contract and or lease agreement shall satisfy recurring disbursement transactions.
- c. Invoices and expense reports are reviewed for proper approval, price, clerical accuracy, and supporting documentation. Supporting documentation will be considered sufficient if the following are clearly included: date of service delivery/ receipt; vendor name and contact information (including W-9 form information for independent contractors); description of services/ goods received, and amounts charged in sufficient detail; and sufficient evidence that the goods/services were received (especially if goods are received via shipment).
- d. The chart of accounts is used to code each check request, invoice/receipts to the appropriate expense accounts and program.
- e. Invoices/ receipts are entered into the computerized accounts payable system at a minimum on a weekly basis. After payment is made, the invoices/receipts are stamped "Charged and Dated". One part of the multipart check voucher is attached to the original invoices paid by check. A copy of the Electronic Confirmation is attached to invoices paid through Business Bill Pay (OLBP). When Direct Vendor payments are scheduled, the confirmation acknowledging payment is printed out and attached to the original invoice. Duplicate invoices are destroyed.
- f. An accounts payable aged listing will be printed and used to select invoices for payment. The CEO approves the payment selections.
- g. Checks are printed and matched to the corresponding invoices or check requisition. Manual checks may be issued on a limited basis. Only the CEO shall authorize manual checks. The original invoice and the manual check must be entered into the computerized accounts payable system in accordance with all accounts payable procedures and policies.
- h. For voided checks the word "void" is written on the voided check, and the signature is blacked out. Checks physically voided shall also be voided in the computerized accounting system; specifically, such checks shall not be deleted from the computerized accounting system in such manner that the record of the check is removed.
- i. Disbursement checks shall be pre-numbered and signed by the CEO and the Executive Vice-President of Finance. The computerized accounting system tracks the usage of check numbers. If the next

check number available per the computerized accounting system does not agree with the next available check in the check stock, this discrepancy is to be investigated immediately, and no checks processed until the discrepancy is resolved.

- j. Signed checks are returned to the VP Family Services/HR for dissemination; the VP Family Services/HR then returns all original back up documentation to the Executive Vice-President of Finance. Invoices with check copies are filed numerically.
- k. On a monthly basis the accounts payable trial balance is verified against the general ledger control account.
- l. Checks written for payment that have not cleared 60 days from the date of the check will be researched and then voided in the accounting system.

III. Bank Reconciliation

Bank reconciliations are prepared on a monthly basis by FWCA's Executive Vice President-Finance and reviewed by the President/CEO, (whose normal duties do not include receiving/depositing cash and authorizing disbursements). The Executive Vice President-Finance and President/CEO sign and date the bank reconciliation to acknowledge preparation and review of the report.

IV. Payroll

- a. An outside automated payroll service provider performs payroll processing on a bi-weekly basis. The agency complies with all applicable regulations regarding payroll taxes. The outside automated payroll service provides interactive software to be shared by the agency and payroll service provider.
- b. A member of the agency's accounting department inputs new hires' salary data, termination, deductions, and other appropriate employee maintenance.
- c. Time sheet for employees shall be fully approved by the employee's supervisor and submitted on a timely basis for processing. This information is coded by grant/program and entered into the payroll system.
- d. Manual checks and void checks from the previous payroll period are entered into the payroll system.
- e. Payroll edit reports are printed to verify data entry information.
- f. Payroll is approved and submitted electronically to the payroll processing provider.
- g. When payroll is received, it is verified for accuracy. This information is

also reviewed by the Fiscal Manager and approved by the Executive Vice-President of Finance.

- h. The CEO shall approve manual payroll check disbursements. Gross amount less applicable taxes and voluntary deductions are paid resulting in net pay. This check must be entered into the computerized payroll system for the next payroll processing.
- i. For void payroll checks, the word "VOID" is written on the voided check, and the signature is cut from it. The void check must be entered into the computerized payroll system for the next payroll processing and sent to the outside payroll service provider for crediting of voided check amount into the agency payroll account.
- j. Payroll Checks/Earning Statements (direct deposit) packet is delivered to the VP Family Service/ HR, to verify receipt of all checks/statements. Checks are then distributed to Directors/Managers for distribution to staff.
- k. Each payroll a journal entry is manually made to the general ledger to record the payroll distribution.
- l. The bank reconciliation is prepared by the Executive Vice President-Finance or Senior Fiscal & Program Manager and reviewed by the CEO.

V. Billings/Revenue

All services rendered are billed according to the grant or contract specifications on a monthly or quarterly basis. See specific contract/grant guidelines for detail of specific billing procedures.

A master list of revenue sources is reviewed and updated monthly. All grants, purchase of service contracts, and other contracts are analyzed monthly to ensure over or under billing do not occur. An analysis of the aged accounts receivable is prepared monthly to ensure timely collection of revenue.

STLCOWD as well as its subrecipients will report all expenditures on an accrual basis at month end. Commitments for Individual Training Accounts (ITAs) will be tracked and reported as obligations. ITAs will be reported as an accrued expense after the last day to drop from the approved training program.

Subrecipient/recipient's CPR's are submitted to the STLCOWD as part of the monthly reimbursement process. The Fiscal Manager enters the monthly request for reimbursement on a source document. This document tracks monthly expenditures by program year, contract number, CFDA #, funding source and GL account code. Comparing budget to expenditures to ensure that none of the line items and/or budgets have a deficit balance and to ensure recipients are meeting the appropriate contract expenditure requirements (in-school/out-of-school; work experience, agency-to-participant cost ratio and

funding expenditures by source).

VI. Cash Management

Cash draws are made on a bi-monthly basis and/or on an as needed basis, determined by the cash requirements to fund the disbursements to each grant. The Executive Vice President–Finance and President/ CEO determines the cash needs of the various grants. The cash draw is presented to senior leadership during the weekly finance meeting for discussion and approval. The request is submitted as outlined by the grantor agency. The grantor agency makes FWCA/STLCOWD aware when funds are deposited. The Executive Vice President-Finance ensures the funds deposited match the request submitted and immediately investigates discrepancies. Deposits from the State of Missouri are confirmed by utilizing the Supplier Services Portal. That information is shared with senior leadership.

The actual expenditures are compared to the amount budgeted to determine the availability of funds left to be spent on the grant.

A monthly report is submitted to FWCA Executive Leadership, who monitors the expenditures. Variances from budgeted to actual are reviewed and any significant variances are investigated.

Requested payments are reviewed in the accounting department, the amounts remaining in the budget are checked to ensure that there is no overspending on the grant. If expenditure causes the budget to be overspent, the expenditure is rejected and sent back to the Director.

VII. Timesheet Procedures

Payroll is paid bi-weekly and each staff member is required to submit a bi-weekly timesheet. The STLCOWD staff member's Manager and FWCA Executive Leadership approves timesheets. Times sheets are to be received in the accounting department two days subsequent to each pay date for next payroll processing. A member of the accounting department shall review the timesheets prior to processing for the following:

- Prepared in conformance with Department of Labor Regulations implementing the Fair Labor Standards Act.
- Check for math accuracy.
- Review to assure that the time period covered is clearly specified.
- Check to assure that the employee signed the time sheet.
- Check to assure the STLCOWD Executive Director and FWCA

Executive Leadership approved the time sheet.

- Check to ensure that each workday identifies how the employee's time for the 8-hour workday distribution is charged. (Time worked on grants, general administrative time/duties, and absences such as paid time off (PTO), funeral leave, etc.)
- Verify the amount of PTO coded on the timesheet is available per the PTO report.

VIII. Purchasing - Contract Information

The primary objective of the purchasing department is to ensure the availability of supplies and equipment in quantity and quality consistent with the standards of client care, at the most favorable prices consistent with those standards. The second objective is to ensure that the supply cycle is accomplished at minimum administrative cost.

- a. All contracts are to be negotiated.
- b. Prior to finalizing a new contract, remember to review the item file and check with other buyers to see if additional products can be covered under the contract.
- c. The contract expiration date should be established to coincide with that of any previously negotiated contract set up with that supplier.
- d. Upon receipt of the new contract, do the following:
 - i. Log the contract into the accounting software. File the contract in contract file.
 1. If the employee makes a purchase, he/she must obtain an employee expense reimbursement report or check request form from the accounting department, fill out his/her expenses, attach the appropriate receipts, sign it, and then obtain the signatures of his/her supervisor and CEO. He/she then submits the completed form and attached documentation to the accounting department.
 2. The Accountant or Fiscal Manager approves the expenses prior to payment.
 3. A member of the accounting department codes the check requisition to the appropriate grant and process the check. The CEO signs the check.
 4. No payment is made if the signature of the employee, or the employee's supervisor, or the CEO is missing.
 5. No payment is made without attached supporting documentation.

C. GENERAL LEDGER

The general ledger provides for the orderly and systematic accumulation of fiscal transactions, usually in summary form, as they have been recorded in the books of original entry.

- I. Double-entry bookkeeping in the financial section is based on the following relationship:

ASSETS = LIABILITIES + EQUITY

- a. Assets are the property, or rights to property owned.
- b. Liabilities are the claims against the assets.
- c. Equity is the difference between the assets and liabilities and represents the ownership equity in the accounts.

A debit entry:

- 1. Increases an asset, or
- 2. Decreases a liability, or
- 3. Decreases equity (increases an expenditure account or decreases a revenue account).

A credit entry:

- 1. Decreases an asset, or
- 2. Increases a liability, or
- 3. Increases equity (increases a revenue account or decreases an expenditure account).

Accounting transactions originate from a source document such as a receipt, invoice, or journal. The accounting process is accomplished by summarizing the details in these source documents for posting in the general ledger.

Adequate documentation to support costs being charged to federal or state grant programs will be maintained. Examples of source documentation for STLCOWD operational expenses shall include but not be limited to invoices, receipts, billing statements, travel vouchers, time sheets, payroll, general ledger, and trial balances. Documentation to support subrecipient/recipient billings shall include, but not be limited to, general ledger, trial balances, payroll registers, staff and individuals' time sheets, participant reimbursement vouchers, receipts, ITA forms, training invoices and employer records, if applicable.

- d. Accounts payable transactions, such as invoices and cash disbursements, are automatically posted to the general ledger via

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STLCOWD

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STLCOWD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Missouri Relay Services 711.

QuickBooks.

e. Journal entries are entered into QuickBooks manually. These entries need to be approved by the Executive Vice President-Finance prior to entry and are the result of the following:

1. Accrual of income and/or expenses
2. Adjusting and reclassification entries
3. Amortization of income and/or expenses
4. Allowances and write-offs.
5. Payroll journal entries to record bi-weekly payroll.
6. Distribution of agency-shared expenses to all grants.
Examples include:

- Employee benefits-based on the allocation of wage expense to each grant.
- Occupancy expenses-based on the ratio of total direct costs of the grant award to total direct costs of all grant awards.
- Administrative expenses-based on the ratio of total direct costs of the grant award to total direct costs of all grant awards.
- Other general expenses-based on year-to-date expenses.

Supporting documentation is required for all journal entries prior to being approved for entry. Computerized recurring (amounts may be edited each month) journal entries are used whenever possible to reduce input errors and reduce the amount of preparation time.

II. Budgeting

All budgeting prepared by FWCA will consist of six-line items. They are as follows:

- a. Salaries-calculated by assigning the employee(s) who will be directly working with the program funded by the grant. The employee's contracted gross salary will be charged 100%, 75%, etc. to the grant, depending on how many programs the employee works on.
- b. Fringe Benefits-calculation is based on the salary budgeted and consists of Social Security and Medicare totaling 7.65% of salary. Unemployment is calculated at the contribution rate determined by Missouri Division of Employment Security. Also included are

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health insurance, life insurance, long-term disability, short-term disability, 401K, and worker's compensation costs. These figures are obtained from the actual invoices and multiplied by the appropriate number of months budgeted for the grant/contract period.

- c. Travel-Consist for budgeted cost for Out-of-Town travel and Local Travel (mileage at federal reimbursement rate, registration fees, etc.)
- d. Supplies-Consist of supplies necessary for the operation of each program.
- e. Other-Cost related and necessary for the operation of each program.
- f. Indirect-De Minimus rate of MTDC (Modified Total Direct Cost) calculation.
- g. All budgets are approved and signed off by the CEO.

III. Job Reports

Job reports for each grant, contract or event are prepared monthly and submitted by the respective due date. If required, the job report is prepared on a form of the funding source supplies. As with budgeting, jobs are claimed in one of six categories: salaries, fringe benefits, travel, supplies, or indirect allocation.

- a. Salaries are taken from the payroll register, using the employee time sheets as supporting documentation.
- b. Fringe Benefits are determined by using the amount of gross salaries charged to the grant, multiplied by the annual percentage derived on the FWCA Contracted Fringe Rate Schedule. This schedule is made up of payroll taxes and employee benefits. Copies of these monthly invoices are submitted as supporting documentation (if required) for the charges.

IV. Travel Policy

See *STLCOWD Issuance – Travel*.

D. PURCHASING POLICY

See *STLCOWD – STLCOWD Procurement*.

E. SUBRECIPIENT MONITORING

See *STLCOWD Issuance – Substate Monitoring*.

F. FIXED ASSET & PROPERTY MANAGEMENT PROCURERS

See STLCOWD Issuance – Inventory of Equipment and Property Management and Inventory.

G. CONFLICT OF INTEREST

See STLCOWD Issuance – WIOA Workforce Development Board Conflict of Interest & Code of Conduct Policy.

H. STLCOWD BONDING

Bonding is an agreement between a bonding or insurance company and an entity whereby the insurance or bonding company guarantees payment of a specified dollar amount as damages, in the event covered employees cause financial loss to the entity. The agreement is to ensure that the awarding entity is indemnified against financial losses caused by a board member, officer and employees who hold fiduciary positions. The policy will cover personnel who have access to and/or control funds received will be bonded to provide protection against losses. The fiscal agent and subrecipient(s) under terms of their contract, will be required to have a bonding agreement. Coverage: \$1,000,000 per policy year.

TIMELINE

Immediate and continuous.

INQUIRIES

Please direct all questions or comments regarding this Issuance document to stlcowd@fwca-stl.com. All active, expired, or rescinded Issuances are available upon request.