
FINANCE POLICIES AND PROCEDURES

Head Start of Lane County

221 B Street | Springfield | Oregon

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F01: SUSPECTED FINANCIAL MISCONDUCT

Policy: All employees, officers, and volunteers are responsible for immediately reporting suspected financial misconduct to their supervisor, a member of the Executive Committee, or Board Member. When supervisors have received a report of suspected misconduct they must immediately report such acts to a member of the Executive Committee.

Purpose: To limit the risk to the Agency associated with fraud, abuse, and other forms of financial misconduct.

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

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

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

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

Definitions

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

1. Actions that violate the Organization’s Code of Conduct (and any underlying policies) or any of the accounting and financial policies included in this manual.
2. Fraud (see below).
3. Forgery or alteration of checks, bank drafts, documents or other records (including electronic records).

4. Destruction, alteration, mutilation, or concealment of any document or record with the intent to obstruct or influence an investigation, or potential investigation, carried out by a department or agency of the federal government or by the Organization in connection with this policy.
5. Disclosure to any external party of proprietary information or confidential personal information obtained in connection with employment with or service to the Organization.
6. Unauthorized personal or other inappropriate (non-business) use of equipment, assets, services, personnel, or other resources.
7. Acts that violate federal, state, or local laws or regulations.
8. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to Sample Organization. Exception: gifts valued at \$25 or less.
9. Impropriety of the handling or reporting of money in financial transactions.
10. Failure to report known instances of misconduct in accordance with the reporting responsibilities described herein (including tolerance by supervisory employees of misconduct of subordinates).

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

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

HSOLC prohibits each of the preceding acts of misconduct on the part of employees, officers, executives, volunteers, and others responsible for carrying out the organization's activities.

F02: RELEASE OF FINANCIAL INFORMATION

Policy: Requests for financial information will be referred to the Finance Director.

Purpose: To ensure only accurate financial information is provided to outside businesses, agencies and organizations.

Scope: All requests for financial information.

Written Requests:

1. Typical requests are for audited financial statements, copies of filed tax returns, and questions regarding funding and expense levels.
2. If the request is by letter or other written correspondence, the material shall be forwarded to the Finance Director who will decide what information may be released.

Telephone and In Person Requests:

1. If the request is by telephone or in person, the requester will be referred to the Finance Director. If he/she is not available, the requester should be asked for their contact information to be given to the Finance Director for follow-up.

F03: PROCUREMENT

Policy: All procurement actions will adhere to the below guidelines.

Purpose: To ensure all procurement actions undertaken on behalf of Head Start of Lane County by its officers, employees or agents, are conducted in a manner providing maximum open and free competition (In compliance with the requirements of 45 CFR 75: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, and 2 CFR 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards).

Scope: All agency related procurements.

All officers, employees or agents of this organization shall:

1. Not solicit nor accept gratuities, favors, or anything which benefits them financially or in any other way from current or potential vendors or contractors. Failure to comply with this prohibition will result in disciplinary action which could result in suspension or termination of the officer, employee or agent.
2. Conduct all procurement actions undertaken on behalf of Head Start of Lane County whether negotiated or advertised and regardless of dollar value, conducted in a manner providing maximum open and free competition.
3. Officers, employees or agents of this organization shall not participate in the selection of a vendor or contracts where there is an apparent or real conflict of interest which might include, but is not limited to, conflicts of nepotism, political participation or bribery. Conflicts of interest arise when one of the following has a financial or other interest in the firm selected for the award:
 - a. The employee, officer, or agent
 - b. Any member of his/her immediate family
 - c. His or her partner
 - d. An organization which employs or is about to employ one of the above
 - e. Recognizing that the metric system is the preferred measurement system for U.S. trade and commerce, it will be used in the agency's procurements, grants and other business-related activities as is reasonable.
4. To the greatest extent practicable, all equipment and products purchased with HHS Grant funds should be American Made.
5. Keeping in mind the need to conduct grant business prudently and at reasonable cost, positive efforts will be made to use local, small, minority-

owned and women's business enterprises, if their costs are reasonable and their services competitive.

6. Preference will be given in procurement to the purchase of specific products containing recycled materials identified in guidelines developed by the EPA.
7. Contracts will not be entered into where suppliers use a “cost plus percentage of cost” costing method.
8. The purchase of any food, item or service from an HSOLC vendor during business hours for individual use is prohibited.
9. The outside sale of HSOLC used items by any HSOLC employee to an outside agency or any other person is prohibited.
10. Failure of any employee to abide by procurement policy and procedures will result in disciplinary action up to and including termination as an employee.

Purchased up to \$3,000:

1. In most cases, for purchases up to \$3,000, the Procurement Specialist is responsible for ensuring items ordered provide the best quality and cost available to the Agency.
2. Vendors for consumable supplies that are used most frequently are pre-approved annually and purchased in bulk.
3. These items can be selected from within the Electronic Requisitioning System. Evidence of solicitation is not required for purchases up to \$3,000 but annual purchases must be distributed among qualified vendors to provide for free and open competition.

Purchases of \$3,000 and higher:

1. Purchase of \$3,000 and higher require a competitive bidding process.
2. All requisitions of items or services greater than \$3000 require two approvals and documentation of a comparative analysis of vendors and prices and other factors used to evaluate the purchase.
3. Review the procurement chart on pages 6 and 7 to ensure you are meeting the procurement requirements.

Purchases above \$4,999:

1. Procurement actions where costs are expected to exceed \$4,999 require a documented competitive bidding process and pre-approval from Region X or other Federal funding source used for purchases.

2. All requisitions of items or services greater than \$3000 require two approvals and documentation of a comparative analysis of vendors and prices and other factors used to evaluate the purchase.
3. Items shall be procured from the bidder who provides the best value to the Agency based on quality and other factors. This may be done through:
 - a. an advertised open process;
 - b. a request for proposals to selected contractors based on reputation, reference or location; or
 - c. A documented comparative analysis of vendors and prices.
4. Sole source procurements may be allowed in instances where:
 - a. The item is available only from a single source;
 - b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
 - c. The Federal awarding agency expressly authorizes a non-competitive proposal in response to a written request from HSOLC; or
 - d. After solicitation of a number of sources, competition is determined inadequate.
5. Solicitations for goods and services should include:
 - a. 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.
 - b. Requirements which the bidder must fulfill.
 - c. Factors to be used in evaluating bids or proposals. These factors must be reviewed and approved by the Finance Director prior to solicitation of vendors.
 - d. The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitation.
6. Contracts for procurement shall be awarded to the bidder with the highest rating based on price, quality and any other factors used in the specific solicitation.

New Uniform Guidelines went into effect for HSOLC Federal grants effective August 1, 2015. Uniform guidance makes a separate procurement policy for CACFP is no longer necessary.

Any construction, renovation or repair of a Head Start of Lane County facility where the contract is expected to exceed \$2000 must be reviewed and monitored by the Operations Director for compliance with Davis Bacon. See the HSOLC "Compliance with Davis Bacon" Policy for detailed information.

When lease and purchase alternatives are available an analysis should be made by the Finance Department to determine which would be the most economical and practical. This analysis is mandatory for facilities, vehicles, and office equipment.

The attached Procurement Checklist and Chart are provided as a quick references to ensure you are meeting procurement standards.

Dollar Amount	Required Approval	Required Solicitation	Documentation
Up to \$3,000	<p>EITHER: Department Manager, Regional Manager, or ARM</p>	<p>Evidence of solicitation not required.</p> <p>Annual purchases must be distributed among qualified vendors to provide for free and open competition</p>	<p>For requisitions forwarded to purchasing department: No documentation is required. Description of items or website pics are often helpful.</p> <p>For requests for payment: a dated receipt or invoice describing the item or service and, when not obvious, why it is a necessary and reasonable expense.</p>
\$3,001 - \$19,999	<p>EITHER: Department Manager, Regional Manager, or ARM AND Director</p> <p>If a fixed asset purchased with Federal funds (>\$4,999), prior written approval from Region X is required.</p> <p>Other funding sources may have similar requirements.</p>	<p>3 written bids. Either catalogue, Internet, or written</p> <p>Utilize the procurement checklist</p>	<p>All of the above, and:</p> <p>Documentation of bids received</p> <p>Procurement Checklist</p> <p>How the decision was made</p> <p>Written approval of Region X or other funding source if required.</p>

Dollar Amount	Required Approval	Required Solicitation	Documentation
	<p>If a fixed asset purchased with Federal funds (>\$4,999), prior written approval from Region X is required. Other funding sources may have similar requirements.</p>		
\$150,000 or greater	<p>Either: Department Manager, Regional Manager, or ARM AND CFO, Executive Director, and Board of Directors</p> <p>If a fixed asset purchased with Federal funds (>\$4,999), prior written approval from Region X is required.</p> <p>Other funding sources may have similar requirements.</p>	<p>3 written bids. Can use either: Request for Bids or Request for Proposals</p> <p>Evaluation and scoring factors must be approved by the CFO</p> <p>Scoring grids must be maintained.</p>	<p>Copy of RFB or RFP Proposal scoring grids including who participated in the scoring.</p> <p>Proposal and contract of winning bid</p> <p>Written approval of Region X or other funding source if required.</p> <p>Board minutes documenting Board approval.</p>

HEAD START OF LANE COUNTY

PROCUREMENT DOCUMENTATION CHECKLIST

(To be used for purchases of goods and services between \$3,001 and \$19,999.

Scan and attach this completed checklist to your Electronic Requisition.)

For fixed asset items above \$4,999 ensure you have prior authorization from the funding source prior to beginning this process. EReq No:

Items Requested:

List clear and specific **description** of technical requirements for the product or service you're requesting (see back for example):

CHECK THE TYPE OF COST COMPARISON

- USED:** a) _____ an advertised open process;
b) _____ a request for proposals to selected contractors based on reputation, reference or location; or
c) _____ a documented comparative analysis of vendors and prices.

DOCUMENTATION:

For items above \$19,999 (a) or (b) above must be utilized. Evaluation and scoring factors must be approved by the Director of Finance. Scoring grids must be maintained. Attach copy of advertisement or RFP and scoring grid. ***For fixed asset items above \$4,999 ensure you have prior authorization from the funding source prior to beginning this process.***

For items between \$3,001 and \$19,999 use (c) and fill out the chart below to show method and sources used to determine best quality and cost for the Agency. Attach any documentation to support your analysis such as web pages.

Description of competitive process: Phone Calls Made/Web Sites Viewed/Catalogues Checked (attach screen shots of web sites viewed or copies of catalogue pages)

List all factors used in evaluating vendors and describe why vendor was chosen:

Price Comparison:

Company Name	Quantity	Cost per Item	Shipping/ fuel	Discounts	Total Cost	Mark Chosen Vendor with an 'X'
Signature		Chosen Vendor			Total Cost	

Example of Specific Requirements Necessary for Purchase: *Item Requested: Comfortable Chairs for Training*

Provide enough information for the Procurement Specialist to make an informed purchase. You may attach a photo as an example but you MUST list the requirements which will be used for price comparison.

Chairs must have the following requirements: (1) proper cushioning for comfort, (2) ability to fold up for storage, (3) rollers for easy movement, (4) arm rests for comfort.

F04: DAVIS BACON COMPLIANCE

Policy: Any construction, renovation or repair of a Head Start facility where the contract is expected to exceed \$2000 must be and reviewed and monitored by the Operations Director for compliance with Davis Bacon. **Purpose:** To ensure that all construction complies with the Davis-Bacon Act.

Procedure:

The Davis Bacon Act requires that any contractors hired to construct, renovate or repair a Head Start facility (if the contract exceeds \$2,000) must pay the laborers and mechanics engaged in the construction, renovation or repair "prevailing rate" wages. These "prevailing rate" wages are determined by the Department of Labor for each county in the country and are updated, as necessary. The Davis-Bacon Act also includes provisions about fringe benefits to be paid to laborers and mechanics, limitations on wage withholding, and payroll and record-keeping requirements.

As needed, the Operations Director shall contact the Head Start Facility Referral and Information Services (FRIS) in Rockville, MD to request the resources to make an appropriate determination. Office of Head Start Region X guidance may also be requested.

Procedure

1. In accordance with Federal regulations, obtain federal approval for all construction, renovation, or purchase of facilities to be used by Head Start.
2. Obtain Davis-Bacon prevailing labor rate and fringe benefits for work classifications to be utilized by contractors.
3. Mention in all advertisements for bids/proposals that work must be done in compliance with the Davis-Bacon Act.
4. Include mention of Davis-Bacon Act in all requests for proposal for construction, renovation or purchase of facilities.
5. When evaluating proposals or bids, be sure that the contractor/vendor will agree to comply with the Davis-Bacon Act.
6. Include all required Davis-Bacon clauses (29 CFR 5.5A) in all contracts for construction, renovation or purchase of facilities.

F05: ELECTRONIC REQUISITIONING (E-Req) and PAYMENT

Purpose: HSOLC uses an Electronic Requisitioning (EReq) System to ensure all purchases go through the proper stages of approval. The EReq System Approvers, which include Directors and Managers, review all purchases prior to approval and are responsible for ensuring that each item requested is necessary to the work of the agency and that proper documentation is attached.

Policy: The approval limits set within the Electronic Requisitioning System are defined below. All purchases above \$3,000 require two approvals. A Procurement Documentation Checklist and any existing documentation should be scanned and attached to the EReq for the first payment toward goods and services greater than \$3000. It is the responsibility of the Director who is first approval on items of \$3,000 and above to ensure that documentation of competitive bidding is attached before the requisition is forwarded for a second approval. If payment for a fixed asset the Director who is first approval is also responsible to ensure the item has been approved by Region X or the responsible funding

Procedure

1. The Procurement Specialist will ensure requisitions have proper documentation and approvals prior to placing item orders.
2. The Accounting Assistant responsible for Accounts Payable will ensure all requisitions for payments for goods and services have proper documentation and approvals before printing checks.
3. The Accounting Assistant responsible for Accounts Payable will print out and attach a copy of documentation of competitive bidding to all fixed asset purchases greater than \$4,999.99. Check signers will be the last confirmation that procurement procedures have been followed for fixed assets.
4. Final approval limits set within the Electronic Requisitioning System are defined below. These approval limits are for moving items through the Electronic Requisitioning System only. It is the responsibility of the approving Director to ensure that large payments for contracts and services such as Medical Insurance have already been approved either through the annual budget process, by necessary committees, or by the Board of Directors.

Department, Regional and Assistant Regional Managers	\$3,000
Finance Director	\$29,999

Human Resources Director	\$29,999
Early Head Start Director	\$120,000
Program Director	\$120,000
Operations Director	\$120,000
Head Start Director	\$250,000
Executive Director	\$250,000

5. The Microix Electronic Requisitioning system will automatically request two approvals for all items above \$3,000. All items will be automatically sent to Finance for review of approvals and proper coding prior to being processed for payment.
6. Once checks have been run check signers will receive a copy of the check register along with the checks for signature. Documentation will only be provided for fixed asset items as all requisitions will have already gone through multiple levels of approval with the electronic system. Should a check signer have questions about any item they will have access to review documentation within the Microix Electronic system.
7. There will be times, due to price changes, change of vendors, etc., when the final invoice received will be for a different amount than the original approved requisition. In these instances when the invoice amount is lower it will automatically be accepted and processed. If the amount is higher by no more than ten percent or \$200 (whichever is lower) the invoice will also be automatically accepted and processed. In cases where the invoice is higher by more than 10% or \$200 the Procurement Specialist will reach out to the approver (either by phone or email) to ensure that they want the item at the increased price and continue to approve the purchase. If the approver no longer wants the item it will be deleted. If the approver continues to approve the item at the increased price the Procurement Specialist will make a note of it in the documentation and place the order.

F06: ACCOUNTS PAYABLE AND CASH DISBURSEMENTS

Policy: All debt incurred by HSOLC will be paid in a timely manner based on the payment terms of the vendor.

Purpose: To explain the procedures for documenting, recording and issuing payments for accounts payable transactions.

Scope: This procedure applies to all payments, including COD amounts and reimbursement of travel and expense reports.

PROCEDURE

A. Invoices

1. All vendor invoices opened by the Accounting Staff will be date stamped. They will then be scanned, coded and forwarded through the Electronic Requisitioning system to the responsible staff member for approval.
2. Staff members responsible for approving payment of invoices should evaluate each invoice for proper authorization and the nature of the purchase and pricing as shown on the invoice should be reviewed for validity.
 - a) The quantities shown shipped or delivered on the invoice will be compared to the packing slip and/or receiving reports. Any discrepancies must be followed-up and resolved prior to commencing with the payment process.
 - b) Calculations on the invoice will be recomputed, i.e., quantities received multiplied by unit price and totals.

B. Contracts and Grants

1. When a signed agreement has been received back from a contract or grant recipient a copy should be forwarded to the Finance Director for inclusion in the Accounts Payable system.
2. Once properly reviewed, contract/grants will follow the same recording procedures as vendor invoices.
3. Payments of grants and contracts will be requisitioned and approved through the EReq system by the staff member responsible for the administration of the grant or contract.

4. The staff member administering the contract should have an understanding of the contract and resolve any discrepancies between the contract requirements and payment requests prior to payment.

C. Payment of Accounts Payable

1. The Accounting Assistant responsible for Accounts Payable will process weekly all purchases and check requests which have been approved through the Electronic Requisitioning (EReq) System and that have the proper documentation attached (invoices, receipts, and/or receiving documentation).
2. The Accounting Assistant will check that the General Ledger coding provided by the Initiator and Approver is accurate.
3. The Accounting Assistant will verify that two Director level approvals have been received for any payment above \$3,000.
4. Invoices are selected for payment based upon due dates. A report of selected invoices to pay is given to the Finance Director for approval.
5. Once approved checks are printed.
6. The checks are then given an authorized check signer along with the list of approved payments. Items over \$3,000 will include documentation of two Director level approvals for review by signer. Credit card payments will always include a copy of the credit card statement for documentation. If check signers have questions regarding any approved items they can be reviewed within the Electronic Requisition System.
7. The checks are then returned to AP for same day disbursement.
8. The check run is then posted to the computerized accounting system.

D. Cash Disbursements

1. Payments made by ACH or Electronic Fund Transfer (EFT), rather than by check, will be posted as Cash Disbursements.
2. These items include, but are not limited to, taxes, garnishments, and loan payments.
3. Cash Disbursements are entered by the accounting staff on the date they occur and are approved and posted by the Finance Director.

F07: CREDIT CARDS

Policy: Credit cards are issued to designated staff and monitored by the Finance department. Head Start of Lane County (HSOLC) credit cards shall only be used for activities related to the program and its operations. Credit cards are used to book travel, purchase products on line and for emergencies. If a purchase falls within an approved budgeted line item, and if necessary for program efficiency, credit card holders may use a HSOLC credit card to make purchases of up to \$500 without going through the Electronic Requisition pre-approval system. In all other cases the requisition approval process must be followed before a credit card payment may be made.

Purpose: To provide a payment option for online purchases and for employee needs while on travel.

Procedure:

1. Designated staff are issued American Express, Costco or Safeway cards.
 - a) Staff are to read and sign a copy of this policy prior to receiving their cards.
 - b) A list of card holders is maintained by the Financial Assistant responsible for accounts payable.
2. Credit cards not specifically addressed in item #1 are kept by the Financial Assistant responsible for accounts payable and checked out on an as needed basis (i.e., gas cards).
3. The cardholder agrees to take reasonable precautions to protect the card from loss or theft by storing it in a secure location, and understand the actions to take in case of theft or loss.
4. The cardholder understands and agrees to disciplinary procedures for misuse of the card.
5. Purchases with credit cards follow the regular electronic requisitioning procedure. Receipts for credit card purchases should be scanned and attached as documentation for approval within the Microix Electronic Requisitioning system.

6. Other than limited purchases of already budgeted expenses up to \$500, no credit card purchases can be made without prior approval through the Electronic Requisitioning System.
7. Small purchases that have not been pre-approved must be entered into the Electronic Requisitioning system within seven (7) days of purchase in order for the credit card bill to be processed timely.
8. At the end of the month, and prior to payment of the monthly credit card bill, the Accounting Assistant responsible for accounts payable reconciles all receipts to the bill.
9. The Finance Director approves the credit card bills for payment.
10. Monitoring of credit card use occurs as follows:
 - a) Individual credit card usage is reviewed monthly by the Executive Director.
 - b) Executive Director credit card usage is reviewed monthly by a Board of Director member.
 - c) Board of Directors and Policy Council receive the credit card use report and associated bill monthly.
11. Intentional violation of this policy and/or unapproved or unauthorized use of any HSOLC credit card may result in disciplinary action including revocation of card privileges and up to and including termination of employment.

F08: EMPLOYEE RELATIONS

Policy: Head Start of Lane County (HSOLC) may occasionally spend modest amounts from appropriate funding sources to recognize employees under certain circumstances. Allowable employee recognition may take the form of gifts for the following occasions:

- Sympathy upon the death or serious illness of an employee, an employee's immediate family member or domestic partner.
- Agency-wide annual recognition of employees.
- Farewell, or any other gifts not mentioned here, are not endorsed by HSOLC and organization funds cannot be used.

Purpose: As a 501(c)(3) organization, HSOLC has a stewardship obligation to use its funds prudently. Furthermore, Federal regulations and donor-imposed restrictions limit the spending of HSOLC funds on employee gifts. This policy outlines the circumstances and amounts where use of HSOLC funds are allowed.

Threshold for gifts

1. Gifts to employees for recognized events are not to exceed \$50, including delivery fees and other service charges.
2. Gift certificates and gift cards, not to exceed \$30, may be given by the Agency as a form of annual recognition. This annual event must be approved by the Executive Committee. Gift certificates and gift cards are not to be given out at any other time.
3. Donations to charities in lieu of flowers cannot be made because charitable donations are ineligible for Federal reimbursement. **Procedure**
 1. In order to ensure all staff are treated equally the staff support budget for employee relations gifts will be held in the Human Resources Department.
 2. Supervisors should alert the HR department each time an allowable event occurs for one of your employees.
 3. The HR department will send an appropriate gift on behalf of the Agency. As long as the dollar threshold is adhered to gifts may take the form of:
 - a. Flowers,
 - b. Fruit and food Baskets,

- c. Plants,
- d. Stuffed Animals,
- e. Balloons,
- f. Other work appropriate items.

F09: MILEAGE REIMBURSEMENT

Policy: Employees of the Agency are eligible for mileage reimbursement for travel expenses incurred during the performance of official Head Start of Lane County business such as Home Visits, training events, meetings, etc.

Purpose: To reimburse staff for use of their personal automobiles while on HSOLC business.

Scope: This procedure applies to all personnel.

Procedure:

1. Mileage expense is processed through the EWS system and reimbursed during the normal payroll process.
2. Staff must have up to date Auto Insurance and Driver's License documentation on file with Human Resources in order to receive mileage reimbursement.
3. The description for mileage expenses must include the purpose of the trip along with odometer readings or online directions clearly showing the mileage.
4. In the case of trips between Agency sites odometer readings are not necessary since the mileage between sites has been established. The current mileage chart can be found on the Agency website: Resources □ Document Archive □ Mileage Chart – Site to Site.
5. Managers are responsible for scrutinizing their staff's mileage reimbursement requests to ensure accuracy.
6. An employee's trip to work from home and their last trip to home are not allowed mileage reimbursement.
7. Whenever possible staff should carpool.
8. Trip locations should be coordinated whenever possible to avoid backtracking.
9. Regional staff should plan their trips to the central office to take care of business in one trip whenever possible.

10. All out of town travel must be pre-approved.
11. The Agency will not reimburse employees for the use of their own vehicle to out of town locations when an agency van or other car pool has been provided unless there is a clear business reason for the employee to have their own vehicle.
12. The Agency is not responsible for damages occurring to personal vehicles used for Agency business.

F10: STAFF EXPENSE REIMBURSEMENT

Policy: Staff will only be reimbursed for out-of-pocket purchases made for the Agency when these items have been approved in advance by their supervisor.

Purpose: To reimburse staff for emergency out of pocket expenses where regular procurement procedures would delay quality services.

Procedure:

1. If under \$10 reimbursement will be made from Regional or Central Office petty cash with approved receipts.
2. If over \$10 reimbursement must be requested through the Electronic Requisitioning System.
3. All the rules pertaining to agency procurement equally apply to staff out-of-pocket reimbursements.
4. Reimbursements for staff mileage must be entered in the EWS system and will be paid during the normal payroll cycle.
5. Non-reimbursable expenses include:
 1. Credentials/licenses that are required to qualify for or to maintain qualifications for a position.
 2. Parking/traffic tickets received by staff on work related business.
 3. Mileage to and from work.
 4. Items that are not authorized by a supervisor in advance of purchase.

F11: PETTY CASH

Policy: To facilitate small, emergency business expenses, a petty cash fund will be available to employees.

Purpose: To outline the disbursement and reimbursement of petty cash.

Scope: These procedures apply to all employees of the agency.

A. Fund Control

1. The Accounting Assistant responsible for Accounts Payable is the Petty Cashier for the Central Office and is also responsible for year-end reconciliations of Petty Cash held at the Regions.
2. Regional Assistants are Petty Cashiers within their Regions.

B. Draws

1. When an employee requests petty cash Petty Cashiers will record the amount advanced, date of disbursement, reason for the draw and name of the employee receiving the advance.
2. The employee should return the receipt(s) and any change to the Petty Cashier within 24 hours. A petty cash voucher will then be completed with the receipt attached.

C. Reconciliation and Replenishment

1. At the end of each month or whenever the petty cash fund drops below a balance of \$50.00, the Petty Cashiers will complete a reconciling spreadsheet with itemized descriptions of expenses and attach all vouchers.
2. The reimbursement of Petty Cash will follow the same approval procedures within the Electronic Requisitioning system as any other check request.
3. Petty Cashiers are responsible for obtaining cash from the bank to replenish cash boxes.

F12: PAYROLL

Policy: Payroll will be processed to ensure accuracy, validity of transactions and proper internal control procedures will be maintained to assure that disbursements are for valid services performed.

Purpose: To outline the steps for payroll processing activities.

Scope: This procedure applies to all personnel.

A. Personnel Records, Management and Changes

1. Personnel records for hiring, classification, rate changes and termination are held by the HR Department.
2. Policies and procedures for pay and payroll matters are defined in the HSOLC Employee Handbook.
3. Payroll is notified of new hires, terminations, changes in classification, position, rate of pay, etc. by receipt of signed Personnel Action Change Forms (PACFs).

B. Time Entry using Employee Web Services (EWS)

1. Agency payroll is processed every two weeks. Each employee is responsible for entering their time in the EWS system daily. Timecards must be accurate and approved by an authorized supervisor for each two-week pay period.
2. Employees who have late or inaccurate timecard entries may be subject to disciplinary action (see Agency Directive ADPY13.140002), additionally fraudulent timecard entries may result in termination. It is a requirement that bargaining unit staff complete their timecards on a daily basis. Missing entries, or entries for hours not yet worked may be considered fraudulent entries.
3. Supervisors are responsible for approving EWS timecards no later than 10 am on Monday following the end of the pay period.
4. Some holidays and layoff periods may impact payroll processing and there may be times when due dates for completion and/or approvals of EWS timecards will vary. Employees will be notified in advance of these changes.

F13: PAYROLL DRAWS

Board Approval: 1/1/2026

PC Approval: 12/29/2025

Policy: In case of emergency, employees can request a payroll draw up to 80 percent of earnings to date of the request. Payroll draws are limited to 6 (six) times per program year.

Purpose: To provide an employee benefit in case of emergency.

Scope: This policy applies to all employees of the Agency.

Procedure:

1. Employees wishing to request a payroll draw should complete a "Request for Payroll Draw" form with their signature.
 - a. This form can be found on the HSOLC Website: Resources>Document Archive>Accounting>Request for Payroll Draw.
2. Once the payroll draw form is completed, payroll drawings are then processed similarly to all other check requests through the Electronic Requisition system.
 - a. Employees should submit their payroll draw form to financedept@hsolc.org.
3. The completed request form will be scanned and attached to the Electronic Requisition request and processed according to approval policies.
4. Accounting staff will verify the total number of hours worked in the period and the amount eligible to be paid prior to processing the drawing and issuing a check as an advance on wages.

F14: PAYCHECK REISSUE

Policy: The Finance Department will not stop payment and reissue payroll checks prior to the Wednesday morning following pay day.

Scope: This procedure applies to all employees of the Agency.

Purpose: To reissue hard copy payroll checks when necessary

1. HSOLC employees have the option of receiving their paycheck by direct deposit, US mail, or by picking the check up in person at the Central Office by 4:30pm on payroll Fridays.
2. Employees wishing to have their checks held for pick-up must alert the Payroll Specialist by the Thursday prior to pay day.
3. When employees have requested to have their checks mailed the checks are mailed on Thursday, the day before the actual pay date. Checks usually arrive by Saturday. The Finance Department will not stop payment and reissue payroll checks prior to the Wednesday morning following pay day. If for any reason an employee's check does not arrive by Tuesday's mail the employee should ask their supervisor to contact the Payroll Specialist on Wednesday morning and request a reissue. A stop payment will be put on the original check and another check will be issued. The reissued check can be picked up at the central office main desk after noon on Wednesday.
4. If the employee receives the original check at a later date it should be returned to the Payroll department for destruction.
5. It is each employee's responsibility to keep their mailing address up to date in the EWS system.

F15: CASH RECEIPTS

Policy: HSOLC requires that cash receipts be deposited in bank accounts weekly unless total receipts for the week are less than \$500. All funds will be secured, deposited and recorded properly. Whenever possible, accounting entries updates should be made on the same day as cash is received.

Purpose: To establish the procedures to be followed for receiving, applying and depositing cash receipts.

Scope: This procedure applies to all cash receipts received by the agency.

1. Receipt of Cash or Check in Person:

- a. Cash or checks must be processed at the front desk of the Central Office.
- b. A receipt with two carbons will be written for all the money received.
- c. Each receipt should contain:
 - i. The name of the person making the payment
 - ii. For childcare payments: the name of the child the payment is for
 - iii. The signature of the person receiving the funds.
- d. The receipts and their carbon copies will be handled as follows:
 - i. The original receipt will be given to the person making the payment.
 - ii. The first carbon copy will be attached to the check/cash.
 - iii. The second carbon copy will be left in the receipt book.
- e. Checks/cash will then be secured in the front desk safe.
- f. Once a day, near the end of the workday, a Finance Department employee will pick up the receipts from the front desk lock safe. Both the front desk person and the Finance Department employee will sign off on the total received.
- g. Childcare payments made by check or money order may also be deposited in the drop boxes utilized for this purpose at each full-day site.
 - i. Funds will be placed in a locked bag for transport to the Central Office.
 - ii. The funds should be processed by the appropriate staff member, entered into the daily cash receipts log and placed in the front desk lock box.

2. Receipt of Cash or Check via Mail:

- a. Mail will be sorted daily by Central Office receptionist.
- b. Accounts Receivable Specialist will process any checks received and immediately recorded payment in MIP.

- c. All cash receipts will be kept in a locked cabinet in the Finance Department until the weekly deposits are prepared.
- 3. Receipt of Payment via Square:**
- a. Credit card payments can be processed through Square.
 - b. Credit card numbers will not be taken by text, email, or phone.
 - c. Payment will be processed by:
 - i. In person payments at sites via card reader.
 - ii. Invoices sent via email.
 - iii. Payment links sent via phone number or email.
 - d. Access to the Square account will be managed by the CFO.
 - i. Each member will have a unique login to ensure proper audit trails.
 - ii. Only the CFO's account will have access to banking information.
 - e. Childcare payments should include the family's ChildPlus ID.
 - f. The Account Payable Specialist shall check the Square account daily to process incoming payments and enter them into MIP.
 - g. The CFO shall transfer funds from Square to the Agency's bank account weekly.
- 4. Cash Receipt via EFT:**
- a. All electronic fund deposit transactions (EFTs) are deposited into HSOLC's general checking account.
 - b. Federal and state grants received for major funding must be drawn in accordance with current State and Federal Agreements.
 - c. The Finance Director draws down appropriate funds from the State and Federal sites on a timely basis. Copies of the request for funds are provided as documentation for the EFT cash receipt entries.
 - d. The Accounts Payable Specialist prepares cash receipt entries to record the receipts of grant funds for approval and posting by the CFO.
 - e. The Financial Analyst records the cash once it is received.
- 5. Bank deposits:**
- a. The Accounts Payable Specialist prepares deposit slips verifying there are front desk receipts or check copies that document the deposit total.
 - b. The Accounts Payable will take the deposit to the bank.
 - c. Upon return of the bank receipts, accounting staff make appropriate revenue receipt entries in the MIP Fund Accounting general ledger system.
 - d. The bank receipt, first carbon copy of front desk receipt and copies of all checks are kept along with a copy of the original deposit slip as documentation for the general ledger entry.
 - e. At the end of each month the cash receipts log will be emailed to the CFO for reconciliation with monthly deposits recorded in the MIP Accounting System.

F16: SUPPLEMENTAL INSURANCE ADMINISTRATION

Policy: HSOLC shall bill employees via ACH for their enrolled supplemental insurance on the Monday following the first payday Friday of the month.

Purpose: To establish procedures regarding the agencies' administration of supplemental insurance on behalf of eligible employees.

Scope: This procedure will apply to any employee who chooses to enroll in supplemental insurance.

Employee Responsibilities:

1. Employees will sign the supplemental insurance form and agree to the following:
 - a. Employees are required to have sufficient funds in their bank account at the time of payment processing.
 - b. In the event of insufficient funds at the time of ACH processing, the employee must bring in cash to the agency by the last day of the month to prevent termination of coverage.
 - c. If there are three concurrent instances of insufficient funds, coverage will be terminated.
 - d. Employees will be grouped into either a 9-month (38-, 40-, 44-, 46-, 48-, and 50-week employees) or a 12-month (52-week employees) processing group. Employees' premiums will be split by either 9 or 12 monthly payments.
 - e. Employees authorize the agency to use the bank information on file for payroll to bill for their policies.
2. Upon termination, it is the employee's responsibility to contact American Fidelity to setup continuation of eligible coverage.

Billing Process:

1. The Financial Analyst will maintain the ACH Natcha file used to process payment, updating billing amounts and bank information as needed.
2. On the Monday billing is to occur, the Financial Analyst will process the ACH file for payment.
3. On the Friday after the Monday billing, the Financial Analyst shall review the bank account to identify any NSF

Coverage after termination will continue until the end of the month, through which the employee has paid.

F17: DONATION AND GIFT ACCEPTANCE POLICY

Policy: No gift or donation shall be accepted unless there is a reasonable expectation that acceptance of the gift shall ultimately benefit HSOLC. HSOLC will not accept any donations that imply endorsement of businesses, products or services. Donor businesses may not use HSOLC's name for promotion of any product or service.

Purpose: To establish regulations around donation and gift acceptance.

Scope: This procedure applies to all employees of Head Start of Lane County.

Procedure:

A gift or donation is consideration given to the organization for which the donor receives no direct benefit and requires nothing in exchange (it is nonreciprocal) other than assurance that the intent of the contribution will be honored by HSOLC.

Acceptance of donations can only be approved by the Executive Committee. Requests for acceptance must be submitted on the Donation Acceptance/Request form and turned over to the Executive Director for approval. All donations must be made through HSOLC's Central Office to ensure policy is consistently applied and that the donor receives appropriate recognition and a receipt for tax purposes. Greater than marginal risk donations must be approved by the board of directors before acceptance. Requests for high-risk donations will be automatically denied.

HSOLC employees are not permitted to solicit donations or gifts per federal regulations. Requests for donations must be submitted in writing using the Donation Acceptance/Request form to the Executive Director to determine if the request aligns with HSOLC policies and mission statement. Upon approval, the Executive Director will bring the item before the Board of Directors, who will move forward with the solicitation process.

1. Categories of Gifts/Donations

- a. Marginal risk:
 - i. Unrestricted assets or assets restricted to an existing Agency program.
 - ii. Cash and cash equivalents (e.g., certificates of deposit).
 - iii. Securities actively traded on a U.S. public market (e.g., publicly traded stocks, mutual funds, corporate and government bonds, etc.).
 1. Publicly traded securities will be liquidated within ten days of receipt unless it is determined by the Board of Directors that holding the securities would be fiscally prudent, appropriate and consistent with Agency investment policies.
 - iv. Personal property with a fair value of less than \$5,000 (new or used).
- b. Greater-than-marginal risk:
 - i. Agency program would need to be modified to use assets.
 - ii. Unrestricted net assets would need to be reclassified as temporarily restricted.

- iii. Excessive control would be granted to the donor, or donor's designee, over the asset's subsequent use.
 - iv. Personal property with a fair value of \$5,000 or more (new or used)
 - v. Real property (either use of property or ownership of property).
 - vi. Non-publicly traded securities (e.g., ownership interests in privately held businesses, partnerships, etc.).
 - vii. Charitable remainder trusts.
 - viii. Charitable lead trusts.
 - ix. Conditional promises to give/pledges.
 - x. Unusual items or items of questionable value (including works of art, animals, historic artifacts, memorabilia, etc.).
 - xi. Life insurance.
 - xii. Notification of the intent to give noncash assets through a bequest.
- c. High Risk:
- i. The donation is not consistent with the mission of HSOLC.
 - ii. The donation would not be consistent with HSOLC's tax-exempt purpose under IRC section 501(c)(3).
 - iii. The donation violates any federal, state, or local law or regulation.
 - iv. The donors are involved in businesses or activities that are deemed to be inconsistent with the mission of the agency.

F18: FUNDING PROPOSALS AND REQUESTS FOR GRANT FUNDS

Policy: Proposals for funding of any nature will be reviewed by the Executive Director prior to submission.

Purpose: To ensure that the Executive Committee is aware of and has approved funding sources prior to receipt of funds.

Scope: This procedure applies to all employees of Head Start of Lane County.

Procedure:

Individual departments and regions may prepare proposals for projects or requests for smaller grants for their region or a specific site. However, all proposals must be reviewed and approved by the Executive Director prior to submission to government agencies or other funding sources to ensure:

1. Accuracy of information, including appropriate costs.
2. Funding is consistent with HSOLC mission statement.
3. Funding meets guidelines in F16: Donation and Gift Acceptance Policy.
4. Reporting requirements are understood and assigned properly.
5. Grant applications are not being duplicated within the Agency.

Staff interested in applying for grant funding should fill out the Funding Request Form and submit it to the Executive Director. Final proposals shall be provided to the Executive Committee for review and approval.

F19: ACCOUNTS RECEIVABLE

- Policy:** Accounting is responsible for the timely preparation and distribution of invoices to optimize cash flow and prompt payment by customers. Accounting will also maintain accurate records over accounts receivable and abide by proper internal controls.
- Purpose:** To explain the methods for preparation of invoices and accounts receivable records processing.
- Scope:** This procedure applies to all services provided by the agency.

A. Invoice Preparation and Posting for Full Day Receivables

1. The Full Day Program maintains the guidelines for billing, receiving and late payment procedures.
2. Invoices for co-pay are prepared by the responsible accounting staff person using the MIP computerized accounting system and mailed or emailed to clients.
3. Invoice information is posted to the Accounts Receivable ledger immediately after Invoice preparation.
4. Weekly accounts receivable reports are prepared for review by ERSEA and the Full Day Regional Manager.

B. Invoice Preparation for Miscellaneous Receivables

1. Invoices are also prepared monthly to collect for shared utilities and services at some sites, for reimbursable wages and expenses from a few smaller funders, and other miscellaneous items.
2. Invoices are prepared and posted to the MIP computerized accounting system by the responsible accounting staff person.

C. Account Collection Process

1. The account collection process for childcare payments is determined by Full Day management and collection calls are made by the ERSEA department.
2. The account collection process for other miscellaneous receivables is managed by the Finance Director. Collection calls will be made by the Finance Department.

F20: BANKING

Policy: The Board of Directors is responsible for approving the initiation of any new bank accounts. The Finance Director will maintain positive relations with all sources of capital and banking service providers.

Purpose: To outline operational banking and investment procedures and maintaining positive relations with the agency's selected financial institutions.

Scope: This procedure applies to all banking activities of the agency.

A. Bank Reconciliations

1. Monthly Bank statements are available online and should be printed and reconciled as soon as available.
2. The Financial Analysis Specialist will utilize the Agency accounting software to reconcile the general operating and payroll accounts with the General Ledger.
3. Upon completion the Bank Reconciliation will be reviewed and approved by the Finance Director.
4. Outstanding checks over three months old will be brought to the attention of the Finance Director for review and followed up on by the Payroll Specialist or Accounting Assistant depending on their account origin.

B. Banking Relations

1. The Finance Director will be the agency's primary representative in dealing with financial institutions. The Finance Director will be responsible for meeting with personnel of the agency's primary bank and providing consistent financial information reporting and updates on the agency's operations to bank officials. The Finance Director will be responsible for promoting a positive working relationship between the agency and the banks. The Finance Director will also apprise bank officials of the agency's anticipated capital needs or financial service requirements in order to provide bank officials adequate time to understand, approve and respond to the agency's needs.
2. The Finance Director will perform an ongoing evaluation of the banks abilities to satisfy the needs of the agency and will make appropriate changes whenever necessary. Criteria to be used in the evaluating banks can include:

- a) Bank Size (appropriate size to meet agency needs while being small enough to be responsive)
- b) Financial safety and capital structure
- c) Reputation
- d) Location
- e) Flexibility and lending philosophy/attitudes
- f) Operating efficiency and accuracy (computerization, employee training, etc.)

C. Banking Policy

Operating account balances over \$150,000 are to be swept into a money market fund when the bank's rate is considered to be at a beneficial level.

D. Check Signing Authority

1. A limited number of employees will be authorized to sign checks but there shall be no fewer than two individuals at all times. This procedure applies to all regular bank checking accounts of the agency.
2. Authorized check signers must be approved in writing and require the Board of Directors authorization.
3. The Executive Director may revoke check signing authority. The Finance Director will oversee the proper notification of the agency's banks whenever authorized signature changes are made.
4. Signature Levels Required: Because of the relatively small staffing level at HSOLC, and the extensive travel schedules of staff, checks of any amount require only one signature.

F21: FIXED ASSETS

- Policy:** Asset acquisitions with a useful life expectancy of greater than one year and with a cost of \$5,000 or greater will be capitalized by the agency and depreciated.
- Purpose:** The purpose of this procedure is to delineate the capitalization, depreciation, disposition and accounting for various asset groups.
- Scope:** All capital assets for the agency.
- Definitions:** Capitalization - Capitalization is the process of recording the purchase of a fixed asset that is generally recorded individually on an asset schedule. Examples of capital expenditures are purchases of land, buildings, machinery, office equipment, leasehold improvements and vehicles. Depreciation - Depreciation represents the write-down or write-off of the cost of the asset over its estimated useful life.

A. Capitalization

1. All assets with a useful life of greater than one year and costing more than \$5,000 will be capitalized and (except for land) will be recorded in the depreciation records. Any asset that does not meet the above criteria will be expensed such as small tools and equipment or repairs and maintenance.
2. The cost basis of furniture and equipment assets will include all charges relating to the purchase of the asset including the purchase price and installation cost if applicable. Freight and shipping charges will not be capitalized
3. Leasehold improvements, including painting, are to be capitalized if they relate to the occupancy of a new office or a major renovation of an existing office. Expenditures incurred in connection with maintaining an existing facility in good working order should be expensed as a repair.
4. The cost of buildings should include all expenditures related directly to their acquisition or construction. These costs include materials, labor and overhead incurred during construction and fees, such as attorney's and architect's and building permits.

B. Depreciation

1. In general, the depreciation methods/lives for assets should be selected for consistent financial reporting and tax purposes.
2. HSOLC uses the straight line method of depreciation for all assets.
3. The useful life of asset classes for depreciation purposes is:

<u>Asset Class</u>	<u>Useful Life</u>
Furniture	Five Years
Computer Equipment	Three Years
Leasehold Improvements	Length of Lease
Buildings	

C. Acquisitions

1. All purchases of assets costing more than \$5,000 must have two approvals within the EReq system.
2. When a fixed asset is purchased it is expensed to grant funds and moved to the balance sheet by use of a contra account.
3. Fixed Assets are entered into the Fixed Asset accounting module at the time of purchase
4. Depreciation is run monthly and begins in the month the asset is put into service.

D. Dispositions

1. Capital assets may be sold or traded-in on new equipment. Disposition of any assets with an original value greater than \$5,000 will require approval of the Executive Director.
2. After completion of the sale Accounting will delete the item from the asset records and record any gain or loss on the disposition.
3. Worn-out or obsolete property with no cash value will be inspected by the Operations Director before it is removed and discarded. The asset will then be removed from the asset records.
4. Any asset that is missing or has been stolen will be reported in writing to the Operations Director as soon as possible. The description, serial number, and other information about the lost item should be included in the report.
5. The Operations Director will determine the proper course of action and will notify the agency's insurance carrier and any outside authorities if deemed appropriate. If unrecovered, the asset will then be removed from the asset records.

E. Fixed Asset Records

Fixed Asset files will be maintained in the Finance Office by the Finance Director and will include the following documentation:

1. Approval from Region X or other Federal funding source if applicable.

2. Report from the Electronic Requisitioning System providing proof of proper approvals.
3. A Fixed Asset Number that ties to the fixed asset software module.
4. Copy of Contract or other information pertaining to the purchase.
5. Request for Bid (if applicable).
6. Responses to Bid request (if applicable).
7. Basis for selection of supplier.

Fixed Asset files will be retained for three years following the final sale or disposal of an asset.

F22: INVENTORY MANAGEMENT OF CAPITAL EQUIPMENT

Policy: Capital equipment is defined as “an article of tangible personal property that has a useful life of more than two years and an acquisition cost of \$5000 or more”. In order to maintain program quality, assure the protection of valuable resources and give a basis for sound decision making, an accurate and current inventory of all equipment and supplies will be maintained.

Procedure:

- 1) Any single item with a value of \$5000 or greater will be considered capital equipment.
- 2) When the item is purchased or donated *it is assigned* a fixed asset number within the MIP Fixed Asset software module.
- 3) If the equipment is located in one of the direct service regions, the Regional Manager is responsible for security. The manager must account for the item in the inventory check at the end of each school year. Adequate maintenance procedures will be implemented to keep the equipment in good condition.
- 4) The Operations Director will be responsible for security of the equipment in the Central Office and will account for the items in the inventory check at the end of each school year. Adequate maintenance procedures will be implemented to keep the equipment in good condition.
- 5) For capital equipment available to check out, the procedures will be as follows:
 - a) If equipment is stored at a region, the Regional Assistant will be responsible for monitoring that equipment, including checking the equipment out and in and maintaining a log recording this activity.
 - b) For equipment stored in the Central Office, the Executive Administrative Assistant will be responsible for monitoring that equipment.
- 6) The Operations Director is responsible for maintaining appropriate insurance coverage on all Head Start capital equipment. If loss, damage, or theft occurs to this equipment, such activity will be reported to the Operations Director who will document, investigate, and communicate the appropriate information to the insurance agent.
- 7) No less than every two years the Agency will coordinate a physical inventory of capital equipment. The results will be reconciled with the fixed asset records. The inventory will verify the existence of, the current utilization and condition of, and the continued need for the equipment.
- 8) All fixed assets will be described and tracked within the MIP Fixed Asset accounting module.

- a) A description of the equipment, including manufacturer's model number, if any.
 - b) An identification number, such as the manufacturer's serial number, VIN, or assigned inventory number.
 - c) Identification of the grant under which the equipment was acquired.
 - d) Information indicating the Federal share of the equipment.
 - e) Acquisition date and unit acquisition cost.
 - f) Location, use, and condition of the equipment and the date the information was reported.
 - g) All pertinent information on the ultimate transfer, replacement, or disposition of the equipment.
- 9) At the end of each fiscal year the Finance Director will compile a list of "Additions and Deletions" for the Auditor to verify during the annual audit.
 - 10) Before a capital equipment with a remaining book value of \$5,000 or above can be disposed of written approval must be received from Region X or other federal funding source who paid for the original purchase.
 - 11) When capital equipment is to be sold, and the Federal Government is to have a right to part or all of the proceeds, selling procedures shall be established which provides for competition to the extent practicable and result in the highest possible return.
 - 12) Proceeds will be applied to the funding source who originally funded the purchase.

F23: INVENTORY PROCEDURES FOR CLASSROOM AND OFFICE SUPPLIES STORED IN THE PROCUREMENT OFFICE.

Policy: An inventory of all items stored in the procurement office will be completed annually.

Purpose: To enable an accurate physical count of inventory items available for distribution.

1. The physical inventory will be taken at fiscal year-end or during the immediately following business days. The physical inventory is the responsibility of the Finance Director. For purposes of internal control the Finance Director will ensure that a staff member other than the Procurement Specialist takes the year-end physical inventory.
2. Prior to beginning the physical counting process all areas containing inventory are to be cleaned and organized to their optimal standard.
3. After grouping and organizing all inventory items should be reasonably separated and identified/labeled to avoid any confusion between similar looking materials.
4. To adequately control cut-off of inventory transactions, purchases and sales operations will be completely shut down while the physical inventory is completed. Any goods received after year-end but prior to completion of physical Inventory will remain unopened until inventory is complete.
5. Upon completion of the Physical Count the Procurement Specialist will prepare any adjusting entries necessary to the Master Inventory Record. Adjusting entries must be approved by the Finance Director.

F24: INVENTORY PROCEDURES FOR SMALLER CLASSROOM AND OFFICE AND TECHNOLOGY SUPPLIES

Policy: An inventory of all classroom items, and technology and office equipment will be completed at least once every two years.

Purpose: In order to maintain accurate physical count of items available for use and to document the need for updating or replacing current items.

Procedure:

1. A physical inventory will be taken near the end of the part day school year or at fiscal year-end. The IT Department is responsible for accounting for computer and office equipment items and Regional Managers are responsible for classroom inventories.
2. Prior to beginning the physical counting process all areas containing inventory are to be cleaned and organized to their optimal standard.
3. After grouping and organizing all inventory items should be reasonably separated and identified/labeled to avoid any confusion between similar looking materials.
4. The year-end physical count should be compared to the prior year and any missing items accounted for by documentation of disposal.
5. Classroom inventories should be forwarded to the Education Consultant for compilation and for use in ordering replacement and updated materials for classrooms.
6. The IT Manager maintains and utilizes the IT inventory.

F25: LONG-TERM DEBT

- Policy:** The Finance Director will be responsible for securing new debt on behalf of the agency.
- Purpose:** To describe the steps for authorizing, recording and handling of long term debt transactions.
- Scope:** This procedure applies to the handling of all long term debt including notes payable, lease transactions or other financing arrangements.

A. Authorization and Review of New Debt

1. Before new transactions are completed, the Finance Director will ensure that the following authorization procedures are implemented.
2. Review of terms: The terms of the agreement (e.g. interest rates, penalties, payback periods, etc.) will be reviewed for reasonableness and the ability of the organization to comply with these terms.
3. All debt covenants and collateral agreements will be reviewed to ensure that there will not be conflicts with existing agreements or operations of the organization.
4. The Board of Directors will authorize the issuance of new debt as part of the approval process for capital and operating budgets.

F26: PREPAID EXPENSES

Policy: Procedures will be followed to ensure that prepaid expense amounts are properly identified and recorded in the general ledger.

Purpose: To outline the steps for recording prepaid expenses.

A. Identification of Prepaid Expenses

1. Prepaid expenses represent amounts that have been paid but the related service or benefit due the organization has not yet been received. Types of these expenses can include:
 - a) Deposits
 - b) Insurance Premiums
 - c) Lease Payments
 - d) Rent

B. Recording of Prepaid Expenses

1. The Finance Director will be responsible for identifying and preparing records of prepaid expense amounts. After properly identifying prepaid amounts, the Finance Director will determine the portion of the amount paid that is prepaid. (For example, if the Agency pays its six month insurance premium in advance, the amount recorded as prepaid after the first month would be five/sixths of the premium.)
2. Prepaid expense amounts will be properly recorded in a sub-ledger. Information should include the description of the type of service or benefit, vendor, benefit period, amount paid, amortization amount and any other pertinent information. The prepaid expense amounts should then be properly coded and recorded in the general ledger via a journal entry.
3. The Finance Director will review schedules of existing prepaid expense amounts monthly for any changes that may alter the amortization or recorded amounts.

F27: CHART OF ACCOUNTS

- Policy:** To facilitate the record keeping process for accounting, all ledger accounts will be assigned a descriptive account title and account number.
- Purpose:** To provide the method for assignment and maintenance of the organization's chart of accounts.
- Scope:** This procedure applies to all ledger accounts used in the accounting department.
- Definition:** Chart of Accounts - A listing of all the account titles and numbers being used by an organization.

A. Design of Accounts

1. The Agency uses a seven-tier account code system. In order to properly track assets by funding source all income and expenses recorded must include all seven segments. Asset and liability entries require only a program and revenue source code. The seven account segments are:
 - a) Program Code
 - b) Revenue Source Code
 - c) Department Code (Administrative, Direct Services, or Training)
 - d) Region Code (Department)
 - e) Site Code
 - f) Project Code (not always necessary)
 - g) Restricted or Unrestricted
2. General Ledger Accounts will be arranged in the same sequence in which they appear in the financial statements, that is, asset accounts should be numbered first, followed by liability accounts, equity accounts, revenue accounts and expense accounts as follows:
 - a) - Asset Accounts
 - b) - Liability Accounts
 - c) - Equity Accounts
 - d) - Revenue Accounts
 - e) - Expense Accounts
3. Unassigned number sequences should be left open within each group of accounts to provide for additional accounts which may be added later.

- B.** Project codes can be assigned as needed in order to track specific expenditures for contracts, grants, or any other purpose.

Distribution Codes

1. Distribution Codes are utilized to distribute the cost of shared expenses between multiple revenue source accounts.
2. Distribution Codes are maintained by the accounting staff
3. New distribution codes must be approved by the Finance Director.

F28: GENERAL LEDGER

Policy: The Finance Director is responsible for the proper posting of journals and entries to the general ledger and for the maintenance of the accounts to ensure accuracy, validity and reliability of financial records.

Purpose: To describe the functions for recording transactions and maintaining the general ledger.

Scope: This policy applies to all personnel with involvement in recording accounting transactions.

A. Posting Transactions and Journals

1. The computerized accounting system aids in the maintenance of journals and posting of transactions to general ledger accounts. The following functions should be performed on a daily basis to update the general ledger for the day's activities:
 - a) All activities recorded in journals will be posted to the general ledger using the computerized posting feature. These journals include:
 - General Journal
 - Cash Receipts Journal
 - Cash Disbursements Journal
2. All journal entries will be reviewed and authorized by the Finance Director before being posted. Adequate supporting documentation will be prepared for each journal entry.
3. Journal entries prepared by the Finance Director will be reviewed and approved by the Executive Director or, if minor in nature, by the Financial Analysis Specialist.

B. Trial Balance

1. After posting all journals and adjusting entries, a trial balance will be printed. The trial balance will be reviewed to ensure that the general ledger is in balance. Next, all control accounts in the general ledger will be reconciled to subsidiary ledgers. Any differences will be investigated and appropriate adjustments will be made.
2. The Finance Director will make a final review of the trial balance for accuracy and proper reflection of account balances before printing financial statements.

F29: FINANCIAL REPORTING

Policy: The Finance Director is responsible for all financial reporting and projections. The finance department will prepare detailed monthly financial reports for the Executive Director and Board of Directors.

Purpose: To provide the financial information necessary for the Agency to make meaningful and timely management decisions.

A. Monthly Closing & Financial Statements

1. The month will close on the 10th day of the following month.
2. Once all closing entries have been made, annotated monthly financial statements are prepared for review and final approval by the Finance Director.
3. Monthly financials are forwarded to the Executive Assistant for inclusion in the monthly Board packet.
4. Directors and department heads are able to review their budget to actual expenses at any time using the Electronic Requisitioning system reporting function.

B. Year-end Closing

1. An orderly, timely and comprehensive closing of all accounts will be performed by the Finance Director at year end to assure an accurate representation of the organization's financial statements and to provide the necessary documentation for the organization's independent auditors.

F30: FISCAL RECORD RETENTION

Policy: Head Start of Lane County sets forth requirements for financial record retention in compliance with 45 CFR Sec. 75.361.

Procedures

1. All financial records, supporting documents, statistical records, and all other records pertinent to an award, except payroll related, shall be retained for a period of three years from the submission date of the final expenditure report.
2. If there is any litigation, claim, financial management review, or audit is started before the expiration of the 3 year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
3. Auditor's reports, financial reports, tax returns, pension records, the corporation articles of incorporation, bylaws, and the board minutes shall be retained permanently.
4. Copies of original records may be substituted for the original records if authorized by the HHS awarding agency.

Note the following chart for quick reference of the formal records retention policy of HSOLC.

Record	Retention
Fixed Assets/Property Records Maintain for 3 years after final sale or disposal	
Audit reports	Permanent
Correspondence – Legal and important matters	Permanent
Deeds, mortgages, and bills of sales	Permanent
Financial statements – Year-end	Permanent
General ledgers/year-end trial balance	Permanent
Minute books of directors, bylaws, and charters	Permanent
Retirement and pension records	Permanent
Tax returns and worksheets and other documents relating to tax filings	Permanent
Trademark registrations and copyrights	Permanent
Accident reports/claims (settled Cases)	7 Years
Accounts payable ledgers and schedules	7 Years
Accounts receivable ledgers and schedules	7 Years
Contracts, mortgages, notes, and leases – expired	7 Years
Garnishments	7 Years
Insurance claims	7 years
Invoices (to customers, from vendors)	7 Years
Notes receivable ledgers and schedules	7 Years
Payroll records and summaries	7 Years
Personnel records (terminated)	7 Years
Property records (incl. depreciation schedules)	7 years
Purchase orders	7 Years
Sales records	7 Years
Subsidiary ledgers	7 Years
Timesheets/cards	7 Years
Withholding tax statements	7 Years
Bank statement & reconciliations	3 Years
Chart of accounts	3 years
Employment applications	3 Years
Insurance policies (expired)	3 Years
Internal audit reports	3 Years
Internal reports	3 Years
Petty cash vouchers	3 Years
Correspondence – General	2 Years

F31: ANNUAL FINANCE FILINGS

Board Approval: February 25, 2025

PC Approval: February 25, 2025

Policy: Head Start of Lane County (HSOLC) uses this policy to ensure that all filings are completed on time.

Purpose: To outline what reports are due and when.

Scope: This policy applies to the CFO and the Executive Director.

Procedure:

1. Federal

- a. Federal Financial Report SF-425
 - i. See ACF-PI-HS-17-04
 - ii. First SF-425 is due January 30th and will report costs through December 31st
 - iii. Annual SF-425 is due July 30th and will report costs through June 30th
 - iv. Final SF-425 is due October 30th
- b. Annual Financial Audit
 - i. To be completed by a CPA by the end of the fiscal year.
 - ii. Submit a copy of the audit management letter and any findings through HSES.
- c. Electronic Submission of Real Property Standard Form SF-429
 - i. See ACF-PI-HS-17-03
 - ii. To be completed by July 31st
- d. Tangible Personal Property Reports SF-428A, SF-428B and SF-428S
 - i. See ACF-PI-HS-17-04
 - ii. Due within 90 days of the end of the 5-year grant cycle

2. State

- a. Annual End of Year OPK Expense Report
 - i. See State's Smartsheet
 - ii. Due August 14th
- b. Annual Beginning of Year OPK Report
 - i. See State's Smartsheet
 - ii. Due within 60 days of grant agreement adoption

3. Other Filings

- a. CT-12
 - i. Due November 15th
- b. Form 990

- i. Due May 15th
- c. Annual 403B Audit
 - i. To be completed before the end of the fiscal year

F32: COST ALLOCATION POLICY

Board Approval: February 25, 2025

PC Approval: February 25, 2025

Policy: HSOLC shall follow this process to allocate direct costs to its funding sources.

Purpose: This policy ensures that funds are being correctly allocated between the agencies funding sources in accordance with 45 CFR 75.416.

Scope: HSOLC is a standalone agency. When multiple funding sources are used to pay expenses, this policy is applied.

Procedure:

1. Calculation of Allocations

- a. Each GL is grouped together with similar costs and assigned a calculation base.
- b. Each cost is determined as a program cost, an administrative cost, or a dual cost:
 - i. Administrative costs include staff or purchases that are necessary for the running of the program, but which are not directly used by students or by those who work directly with students.
 - ii. Program costs include staff or purchases that are directly used by students, those staff who work with students or those who manage program staff.
 - iii. Dual costs include staff or purchases which are a mix of administrative and program costs.
- c. Program codes identify cost categorizations in the accounting software.
- d. Revenue source codes identify grant sources within the accounting software.
- e. Per 2 CFR 200.413(f) HSOLC categorizes all administrative costs as direct costs which benefit the agency's cost objective of running a Head Start/Early Head Start program.
- f. HSOLC receives funds from Federal, State, CACFP, MIECHV, DHS and other small grants. All funds are used for the running of the program.

2. Costs Categorizations

- a. Costs are broken into two categories within the agency's accounting system:
 - i. Program
 1. Cost has a direct benefit to students or to employees who work directly with students.
 - b. Coded as either Head Start or Early Head Start.
 - i. Administrative
 1. Costs benefit program cost objective but is not directly related to students or employees who work with students.
 2. Coded as Agency costs.

3. GL Groupings

- a. Salaries, Wages and Benefits (GLs # 5010-5085)
 - i. Calculation base is funded slots.

1. Regional staff are allocated to federal or state funds based upon the funded slots they serve.
 2. Direct service staff not directly assigned to a region are allocated based upon total funded slots in the agency.
 3. Administrative staff are allocated upon total funded slots in the agency.
 4. Staff who do both administrative and direct service tasks or who provide services to both administrative and direct service staff will go through a time study process to determine their allocation.
- b. Operational Costs (GLs # 5100-5135, 5170, 5173, 5190, 5405, 5600-5605, 5620-5705, 5800-5830)
 - i. Includes rent, building repair and maintenance, and utilities, equipment repair and maintenance, software costs, insurance, and contractual services.
 - ii. Calculation base is square footage.
 - c. Departmental and Site-Specific Costs (GLs # 5140-5165, 5175-5180, 5300-5340, 5400, 5410-5485, 5500-5610, 5710-5720, 5845, 6015)
 - i. Includes office supplies, dues, fees and subscriptions, classroom supplies, recruitment, health and safety costs, professional fees and volunteer support costs.
 - ii. Calculation base is funded slots.
 1. See numbers 1-3 of wages, salaries and benefits.
 - d. Manually allocated Costs (GLs # 5172, 5185)
 - i. These costs are equipment purchases over the \$5,000 threshold and require prior approval from funders before purchase.
 - ii. Which funder is providing the funds will determine the allocation.
 - e. Training Costs (GLs # 5490, 6001-6009)
 - i. These costs are charged to training and technical assistance funds. ii. Calculation base is funded slots.

4. *Monitoring and Evaluation*

- a. Yearly the CFO shall re-calculate the distribution codes to reflect the NOA.
 - i. This change shall be reflected in the budget submitted to the Board of Directors, Policy Council and the funders for approval.
- b. Weekly the CFO shall review the charges in the accounting record during the draw down calculation.
 - i. The Executive Director shall sign off the draw down.
 - ii. Any charges not in line with budget shall be investigated by the Finance Department.
- c. Yearly training shall be done on Microix to ensure regional staff understand how to correctly apply distribution codes.
- d. A monthly budget to actual report shall be created and presented by the CFO to the board.
 - i. Variances from the budget of more than 25% shall be investigated by the CFO and the findings shared with the board of directors.

Distribution codes will be adjusted as necessary throughout the year.