

OFFICE OF JOB TRAINING PROGRAM JEFFERSON FRANKLIN COUNTIES, INC.

FINANCIAL MANAGEMENT MANUAL

Revised 2/29/24

ACCOUNTING MANUAL POLICIES AND PROCEDURES

Table of Contents		Page
I.	Financial Management	2
II.	Internal Controls	5
III.	Subrecipients/Service Providers.....	9
IV.	Audit Guidelines and Standards.....	9
V.	Financial Monitoring	10

I. FINANCIAL MANAGEMENT

The Jefferson-Franklin Consortium, Office of Job Training Program, Inc., (OJTP) in compliance with generally accepted accounting principles (GAAP), has developed and maintains a system for financial records. The system ensures that only proper use is made of federal and state funds. Financial duties are separated such that no one person is solely responsible for receipts, disbursements, payroll, and bank reconciliation. The responsibilities of the Fiscal Manager may be carried out by the Program/Administrative Specialist. Some duties may be delegated to other staff, as necessary. Adequate documentation supports all entries; records are maintained such to leave a good audit trail, while protecting the integrity of the state/federal funds. An integrated self-balancing computerized system is used to maintain the General Ledger and Accounts Payable. Payroll is processed through a third-party vendor and expenses are manually entered into the General Ledger. Monthly reports are generated through the system. Financial reporting is prepared directly from the Financial Statements and Trial Balance. The Uniform Guidance and Department of Higher Education Workforce Development (DHEWD) Financial Manual will be referenced as needed for guidance. Specifics of the system are as follows:

A. **Cash Management**

OJTP is responsible for its region's cash balances. Federal cash balances in excess of three (3) business days is an existing standard used by Federal agencies in interpreting USDOL's requirements under 31 CFR 205.12 (b) (4) to advance only enough cash to meet actual, immediate cash needs. Excess Cash is monitored monthly, and reviewed during the preparation of the monthly CPR reporting. If overall cash drawn exceeds cumulative expended, written comment is required in FRS explaining why cash exceeds expenditures.

B. **Cash Receipt**

Funds may be received from both state/federal and non-state/federal sources. OJTP has one checking account to which these various sources of income may be deposited. Cash receipts, including Electronic Funds Transfers (EFT) and wire transfers, will be promptly deposited into a bank account with a financial institution that has either Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporation (FSLIC) coverage and will sign a collateral agreement for all funds that exceed the FDIC or FSLIC coverage.

C. **Accounts Receivable**

An Accounts Receivable balance is maintained by funding source for each agency with whom the OJTP has a contract. Other receivables may also be maintained as necessary.

D. **Accounts Payable**

The Accounts Payable is maintained by Subcontractor with breakdowns for each funding source under which they operate programs and by account number. Other payables are also established which could allow for accruals of wages, benefits, withholding taxes, and/or other payables.

F. **Preprinted, Sequentially Numbered Checks**

The agency utilizes an online payment system provided through its bank but can also produce a computerized check through its accounting software when

needed. Each preprinted set of checks is sequentially numbered independent of each other. Manual checks are posted to the accounts payable system by the Fiscal Manager and inventory is checked regularly (no less than monthly) to ensure that no break in the numerical order of the checks exists.

The number of non-state/federal funds transactions are minimal. They are incorporated into the general ledger system used to track state and federal funds in accordance with generally accepted accounting principles (GAAP). The funds are subject to the same internal controls as state/federal funds.

When it is necessary to void a check, an entry will be made into the accounts payable system. The void register is filed in the A/P Check Register.

G. Signatures

Checks written through the accounting software require the signature of two persons designated by the board.

Blank checks and undelivered checks are safeguarded against theft or misuse. They will be kept secure in a locked cabinet. Blank checks are never signed.

H. Bonding

Bonding is held for all personnel at the OJTP at a minimum level of \$100,000 each.

I. Travel Expenses

Employees of the OJTP shall be authorized compensation for travel during the conduct of official business, as outlined in the Travel Policy. All travel will be authorized or approved by the One Stop Coordinator or designated section directors. Board approved reimbursement rates for in-state and out-of-state travel are used.

The One Stop Coordinator or designated agent may authorize a travel advance to any employee based on the character and probable duration of the travel to be performed. They are then deducted from the next travel expense voucher prepared by the employee, approved, and paid through accounts payable.

A Travel Advance Request form is prepared by the person requesting the advance. Board approved reimbursement rates are taken into consideration when determining the allowable travel advance. For travel advances and travel reimbursement, the travel voucher will serve as the requisition and purchase order. Documentation necessary to verify advances, hotel charges, and other expenditures are attached to the travel voucher, reviewed as outlined in the Cash Disbursements process prior to payment.

J. Indirect Expenses

Indirect costs are those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. Indirect costs will be pooled throughout the month and allocated using a Cost Allocation Plan as the books are closed at the end of the month. A Cost Allocation Plan needs to be submitted to the DHEWD Financial department annually for

approval. The plan is submitted by the end of December for use in the next program year.

K. Equipment

Equipment is maintained in accordance with the Act, applicable OMB circulars, and any state procurement policies. Local procurement/equipment regulations may also be imposed by the OJTP. The office threshold for fixed asset inventory is \$1,750. Computing equipment will be classified as supplies. The OJTP performs, reconciles, and documents a physical inventory at least once every 2 years. The physical inventory is completed on-site and is signed and dated.

Prior approval from DHEWD must be requested before purchasing or disposing of any item worth \$5,000 or more.

L. Audit

An annual independent audit for the OJTP will be conducted under the guidelines of the Uniform Guidance, 2 CFR Part 200, Subpart F – Audit Requirements, and/other applicable funding source guidelines. Selection of the auditor/audit firm will be the responsibility of the Finance and Audit Committee, with the assistance of the Fiscal Manager and the One Stop Coordinator. Selection of the auditor is handled through a Request for Proposal bid process at a minimum of every three (3) years. The Finance and Audit committee may elect to renew contracts annually. The final review of the audit is conducted by the Committee, who then presents it to the Full Board for acceptance. The final report will be completed within nine (9) months of the close of the program year on which the audit is being performed. A copy of the final audit is presented to the Office of Job Training Program for review within thirty (30) days of acceptance by the Board.

M. Program Income

Program income means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance. Program Income must be used to fulfill the purposes of the contract/funding source, and must be used prior to the submission of the final report for the funding period of the program year to which the funds are attributable. Program Income not used for the purposes of the contract and within the described period must be returned as part of the final reporting process.

Any interest income earned as interest on funds received under WIOA, up to \$500 may be retained for administrative expenses. Interest income in excess of \$500 must be remitted to the DHEWD for onward remittance to the Department of Health and Human Services. Any other program income earned may be retained only if such income is added to the funds committed to the particular grant under which it was earned and such income is used for the purposes and under the terms and conditions applicable to the use of the grant funds. Program income and expenditures are reported to the DHEWD on a quarterly basis.

N. Stand-in Costs

Stand-in costs are non-Federal costs that may be substituted for disallowed grant costs. Stand-in costs are costs paid from non Federal resources that substitute for federal costs that have been disallowed as a result of an audit or other review.

Costs must be reported quarterly and the disallowed cost must occur under the same program that the stand-in costs were reported under. Before utilizing stand-in costs to substitute disallowed costs, DHEWD must be notified and the costs subtracted from the accumulated stand-in costs on the immediately following Quarterly Report.

II. INTERNAL CONTROLS

Uniform Guidance 2 CFR 200.303 requires non-Federal entity must:

- Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, State, local, and tribal laws regarding privacy and responsibility over confidentiality.

To maintain Internal Control in major financial functions, separation of duties have been instilled in the following processes:

A. CASH RECEIPTS

1. Requests for funds from the OJTP are prepared by the Fiscal Manager from the accounting system to ensure that available cash does not exceed reimbursable expenses and the cash need for no more than three (3) days. Requests are reviewed and approved by the Program/Admin Specialist.
2. State/federal funds are received through electronic transfer to the OJTP account designated for such funds. Direct deposit transmittals received from the DHEWD for state/federal funds are compared for accuracy by the Fiscal Manager against cash requests and posted to the receipts journal.

3. All deposits not received through electronic transfers are recorded in a check log. The Fiscal Manager records the deposit to the cash receipts journal using the deposit slip stubs and any accompanying documentation.
4. Deposits received shall be restrictively endorsed "*for deposit only, OJTP,*" immediately upon receipt and presented to the Fiscal Manager to be deposited intact to a FDIC insured banking institution timely.
5. All receipts are deposited intact.
6. All cash receipts/electronic transfers are entered into the general ledger by a person independent of mail opening and preparation of deposit.
7. Cash receipts/electronic transfers are reconciled to the billing, progress report, cash request, or other form used to request cash by the Fiscal Manager. Any discrepancies are reported immediately and necessary corrections are made.
8. The cash receipts journal is reconciled at month's end to the bank statement for total deposits for accuracy by the Program Assistant and verified by the Fiscal Manager as part of the bank reconciliation process.
9. Funds exceeding FDIC coverage have a security pledge of a treasury note (bank collateral agreement) of funds over the FDIC coverage of \$100,000.

B. CASH DISBURSEMENTS

Cash disbursements are made from one (1) checking account representing 1) state and federal grant funds and 2) non-state and federal grant funds for goods and services.

1. Procurement requests for purchases of good and services may be made by any staff member of the OJTP. A Needs Assessment is prepared requesting the purchase of an item. Information required on the Needs Assessment includes person requesting purchase and a description of the requested item(s). A Cost Estimate including information such as vendor, cost per item from lowest bid if applicable, quantity, total amount, and date of request is processed by the Program Assistant. A Purchase Order is prepared and submitted to the Fiscal Manager or One Stop Coordinator by the Program Assistant for approval of purchase by signature. Approval is made after reference to the budget for fund availability, determination of cost reasonableness, and determination that the item is both necessary and allocable. All unit purchases of \$10,000 or more (personal or real property) requires three written bids from separate vendors or a formal advertise competitive bid process. Purchases of \$25,000 or more requires a formal advertise competitive bid process unless exempted.
2. The requisition is forwarded to the accounting department to make the actual arrangements for the purchase including delivery date.
3. When goods are received they will be checked against the purchase order and packing slip, if applicable, to see that the item ordered is the item received. The

original invoice for purchased goods or delivery of personal service is also attached to the purchase order and processed for payment.

4. Program Assistant enters invoices as they are received and prepares payment vouchers. On the next check-writing date, an open payables report is ran to determine which invoices will be paid.
5. Fiscal Manager will determine the amount of funds available to make payments and decide what invoices will be paid. The Program Assistant will schedule these payments in the bank's bill pay system (or prepare in-house checks if needed) and forward a report to the Fiscal Manager for approval to prepare checks.
6. Checks are prepared and confirmation report is printed and signed by Fiscal Manager. Payments are posted in the accounts payable system. Payment vouchers are stamped *PAID* and uploaded to a cloud based storage software and/or filed.
7. Guidelines for preparation and authorization of disbursements:
 - a. Blank and unsigned checks are kept in a locked secure location.
 - b. Checks are pre-numbered and used in sequential order.
 - c. Checks will not be prepared from monthly statements.
 - d. Checks will not be made out to "Cash," "Bearer," or Petty Cash."
 - e. Checks will not be prepared by verbal authorization.

C. PAYROLL

Payroll is prepared bi-weekly through a third-party vendor. Costs are covered from the agency's bank account; no cash payrolls are allowed. Additions, deletions, or changes to the payroll are made only upon approval of the OJTP.

1. Time and attendance reports are part of records kept on employees.
2. Each employee is responsible for completing a time sheet prior to each payroll date. The time sheets show:
 - a. Days in the pay period.
 - b. Regular hours worked.
 - c. Sick leave taken.
 - d. Vacation leave.
 - e. Holiday time taken.
 - f. Overtime hours worked during each week.
 - g. Any unpaid leave taken in accordance with the Personnel Policies and Procedures Manual.
 - h. Allocation of hours to specific programs.

These are prepared and signed by the employee. The One Stop Coordinator or designated section director verifies by signature the accuracy of the time sheets, including overtime pay, and time taken for holidays, vacation, sick, bereavement,

or other leave. Any changes or corrections to the time sheet are to be initialed by both the person initiating the change and the employee.

3. The time sheets are delivered to the One Stop Coordinator for the preparation of payroll checks. Hours worked, leave time, and other payroll information is again reviewed by the One Stop Coordinator. Payroll is prepared, a summary is attached to the time sheets, and delivered to the One Stop Coordinator for review. ADP direct deposits most payrolls into the employee's checking account.
4. The office encourages staff and participants to use direct deposit or pay cards to receive their wages. All payroll checks are mailed by the payroll processing vendor.
5. State and federal withholding taxes are paid through the automated Electronic Funds Tax Payment System (EFTPS) by Automated Data Processing.
6. A payroll file is kept which contains federal Form W-4 and Missouri Form MOW-4 (Employment Withholding Certificate) filled out by employee, garnishments as required by law, documentation of citizenship, and other forms authorizing payroll deductions requested by the employee and approved by the One Stop Coordinator (such as dependent's health insurance), prior time sheets, accrued leave statements, and a year-to-date earnings record.

D. BANK STATEMENTS/RECONCILIATION

1. **Bank Statements**
Bank statements for the agency's bank account are received by mail or online through the bank's portal. The statements are forwarded to the staff responsible to reconcile the accounts as designated by the One Stop Coordinator.
2. **Bank Reconciliation**
The reconciled bank statement(s) are delivered to the Fiscal Manager by the preparer. The Fiscal Manager then compares the reconciled bank balance to the cash in bank in the General Ledger and the daily cash-in-bank ledger for accuracy. Both the preparer of the reconciled bank balance and the Fiscal Manager initial the bank statement when they are in agreement that it is fully reconciled.
 - a. The reconciliation:
 - Is prepared by someone other than the person(s) responsible for the preparation or signing of checks.
 - Accounts for numeric and chronologic order of checks.
 - Verifies amount, payee, and date.
 - Verifies proper endorsement of the check.
 - Follows inter-fund transfers to other accounts.
 - Lists outstanding checks and deposits, bank or check register errors for current month.
 - Compares prior month's un-reconciled items to see that correction has been made. A maximum length of time to carry un-reconciled items is 180 days.

- Compares reconciled bank balance to cash in bank in General Ledger.
- b. Un-reconciled items over 180 days old are brought to the attention of the Fiscal Manager, at which time a decision is made as to the necessary procedures to void the un-reconciled item, and to reissue if applicable. The check log for cash receipts (deposit) is used to account for deposits to the bank in the bank reconciliation process.

III. SUBRECIPIENTS/SERVICE PROVIDERS

- A. Procurement of Service Providers will be conducted using a formal advertise competitive bid process as outlined in the agency's Procurement Guidelines.
- B. A Risk Assessment will be conducted for each subrecipient prior to the award of a contractual agreement to determine how risky it may be to contract with them..
- C. OWD must be notified of all subrecipient contractual obligations using an Audit Tracking form. This form will be submitted after the initial contract has been fully signed and again when an agreement is modified.
- D. Subrecipient agreements will be on a reimbursement basis and invoices will be submitted monthly. The invoice will contain sufficient backup for all costs being invoiced. Once an invoice is reviewed for accuracy, a cash draw request will be made and payment issued once cash is received. Expenses can exceed the line item budgets up to 10% without the need to modify their annual agreement.
- E. A monthly review of the entity's US Government's System for Award Management (SAM.gov) registration will be conducted to ensure there are no exclusions that would make it unable to receive federal funding.
- F. A Single Audit is required for all non-federal entities that expend \$750,000 or more in federal dollars in a fiscal year. Audit Resolution will be conducted on any subrecipient that meets these criteria. The resolution file will contain a copy of the audit report, a copy of the Data Collection Form, the working papers used to reconcile the expenses in the audit report, a review checklist, and a copy of the acceptance letter.

IV. AUDIT GUIDELINES AND STANDARDS

Uniform Guidance 2 CFR Part 200 Subpart F requires that a non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part. A non-Federal entity that expends less than \$750,000 during the non-Federal entity's fiscal year in Federal awards is exempt from Federal audit requirements for that year, but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and Government Accountability Office (GAO).

The audit must be completed and the data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. The reporting package must include the:

- (1) Financial statements and schedule of expenditures of Federal awards
- (2) Summary schedule of prior audit findings
- (3) Auditor's report(s) and
- (4) Corrective action plan.

One copy of the data collection form and one copy of the reporting package must be kept on file for three years from the date of submission to the FAC.

V. FINANCIAL MONITORING

The OJTP will conduct an annual Financial Monitoring Review (FMR) of subrecipients to ensure fiscal integrity. Additional reviews may be warranted, based on the evaluations of risk of noncompliance. The FMR will be performed to comply with WIOA section 184(a)(4) [29 U.S.C. 3244(a)(4)], annual OWD agreements, and 2 CFR Part 200 and Part 2900. The FMR is conducted to ensure the adequacy of internal controls and the reliability of the subrecipient's financial management system as they relate to the administrative subaward. The FMR must ensure the subrecipient meets the terms and conditions of the subaward and the fiscal goal or requirements, and that amounts reported are accurate, allowable, supported by documentation, and properly allocated.

The FMR will include, but is not limited to, reviews of the following process:

1. Audit Resolution/Management Decision;
2. Financial Reports;
3. Internal Controls;
4. Source Documentation;
5. Cost Allocation/Indirect Costs;
6. Cash Management; and
7. Procurement.

The OJTP will incorporate additional financial and programmatic monitoring policies to ensure funds intended to support stand-alone special initiatives/grants are administered in accordance with the contractual scopes of work. These policies are to supplement existing monitoring duties and must be conducted during program operation to ensure accountability and transparency of expenditures.

OJTP will submit annual reports for Financial, Programmatic, One-Stop Operator, and EO monitoring to its subrecipient(s) by June 30th of each Program Year.