

Financial Management System

The Workforce Alliance of South Central Kansas (Workforce Alliance) Financial Management System ensures that the organization is able to perform the financial management functions required when operating federal and state funded grants, as well as private funding. The organization operates on a full accrual basis and follows General Acceptable Accounting Procedures (GAAP). The financial system's controls are in place to protect the organization's assets.

Overview of Financial System

The Workforce Alliance contracts with an independent accounting firm to process and review all financial transactions, and to provide financial statements, reports, and books. This Paymaster service is contracted through a Request for Proposal.

I. Budget Controls

The Workforce Alliance prepares annual budgets at the beginning of each fiscal year or at the beginning of a grant. The Vice President/Chief Operating Officer has the primary responsibility for preparing all budget(s) and presenting them to the Finance and Executive Committee and the Chief Elected Officials Board (CEOB) for review and action. Upon adoption the budget(s) are given to the Paymaster for data entry into the financial management program maintained by the Paymaster. The board staff and Finance and Executive Committees review budgets monthly with the full board reviewing quarterly. Budgets are also shared with the COEB quarterly electronically and during their meetings. Budgets are compared monthly by expenditure amounts and budget remaining compared to expectations for the budget cycle. The organization also analyzes monthly obligation reports to track program obligations to ensure adequate funding for program services. The Organization will also require the tracking and reporting of any leveraged funds within each fund's required budget. Leveraged funds will be compared to budget at least quarterly.

II. Cash Management

Cash management of federal funds will require a contract with an independent Paymaster to ensure federal funds are drawn reasonably and necessarily; and to ensure the funds are disbursed timely. The Paymaster will draw funds up to twice per week to issue payments which have been authorized for payment by the Workforce Alliance. All issuances of payment shall be made by the Paymaster within five business days of the request for payment. No funds shall be drawn in advance of reimbursement unless advance payment has been approved by the President/Chief Executive Officer due to circumstances beyond the control of the Workforce Alliance.

III. Program Income

Program income is gross income received that is directly generated by the grant supported activity or earned as a result of the grant agreement during the grant period. Program income must be reported monthly on financial reports and used to support the grant which generated the income,

IV. Cost Allocations

The WA has adopted a stand alone Cost Allocation Policy. Cost Allocation Methodology is detailed in that Policy.

V. Prepaid Expense

Expenditures and accrued expenditures for the above categories will be processed according to GAAP.

Pre-paid expenses over \$1,000 will be recorded for expenses that are incurred for a future period. Examples of a pre-paid expenses are insurance, dues, or subscriptions (software or equipment licensing).

VI. Allowable Costs

The Workforce Alliance is established as a 501(c) 3 Not for Profit Organization and follows 2 CFR Part 200 and 2 CFR 2900 for Uniform Administrative Requirements and Cost Principles. The organization also reviews and monitors each grant award for specific allowable activities or non-allowable activities to ensure compliance. All costs must be necessary, reasonable and allocable to carry out the scope of the grant or project.

Necessary Costs: A cost that is appropriate and required to complete an objective required by an award.

Reasonable Costs: A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important. In determining reasonableness of a given cost, consideration must be given to:

- (a) Whether the cost is of a type generally recognized as ordinary and necessary or the proper and efficient performance of the award.
- (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the award.
- (c) Market prices for comparable goods or services for the geographic area.
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the organization, its employees, the public at large, and the Government.
- (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

Allocable Costs:

- (a) A cost is allocable to a particular award or other cost objective if the goods or services involved are chargeable or assignable to that award or cost objective in accordance with relative benefits received. This standard is met if the cost:
 - (1) Is incurred specifically for the award;
 - (2) Benefits both the government award and other work of the WA and can be distributed in proportions that may be approximated using reasonable methods; and
 - (3) Is necessary to the overall operation of the WA and is assignable in part to the Federal award in accordance with the principles in this subpart.

- (b) All activities which benefit from the non-Federal entity's indirect cost, including unallowable activities and donated services by the WA or third parties, will receive an appropriate allocation of indirect costs.
- (c) Any cost allocable to a particular federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.
- (d) Direct cost allocation principles: If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding [paragraph \(c\)](#) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required. See also [§§ 200.310 through 200.316](#) and [200.439](#).
- (e) If the contract is subject to CAS, costs must be allocated to the contract pursuant to the Cost Accounting Standards. To the extent that CAS is applicable, the allocation of costs in accordance with CAS takes precedence over the allocation provisions in this part.

VII. Internal Controls

The Workforce Alliance established the following controls to ensure compliance with all laws and regulations and to safeguard the organizations assets:

Cash Controls-

All administrative invoices are received by administrative support staff and are logged when received. They are then forwarded to the fiscal department for payment. Client program invoices are received by the fiscal department. A payment is generated by the fiscal department when an approved budget for the invoice exists. If an approved budget for the invoice does not exist, the invoice is routed to program staff for further investigation before a payment is generated. All payments are routed to the Vice President/Chief Operating Officer for review and approval. Once the COO approves payments, they are presented to the President/Chief Executive Officer for approval or denial. If the payment is approved, it is then processed and allocated to the correct budget and line item and forwarded to the Paymaster. The Paymaster will review, process, and issue all payments. Checks issued for payment by the Paymaster shall be valid for no more than ninety (90) days from the date of issue. The Paymaster will provide an aging report listing all outstanding checks to the Workforce Alliance. The Workforce Alliance will perform payment follow-up activities to determine the status of each outstanding check and to remind the vendor of the check validity period. After ninety (90) days from the date of issue of any check, the Paymaster will void the check and notify the Workforce Alliance of that action. The Workforce Alliance

will notify the effected vendor(s) of the invalidation of the check(s) and that a new check will be issued to accomplish payment of relevant invoice(s).

Controls-

Depreciation and Capitalization- A straight-line depreciation schedule will be used beginning the month of acquisition and ending the month prior to disposition or completed depreciation for items with an acquisition cost equal to or greater than five thousand dollars (\$5,000.00). The useful life of office equipment will be three (3) or (5) years. If items are leased and the lease is greater than \$5,000 all items associated with that lease will be capitalized, regardless of individual item costs.

*Security-*The Workforce Alliance will maintain security services for the Wichita Workforce Center. Security will safeguard property and maintain a safe and secure work environment.

Insurance- The Workforce Alliance will secure and maintain adequate insurance to safeguard financial assets and property, and provide general liability coverage. The Workforce Alliance will also ensure that contracts and agreements contain any required clauses to ensure the Workforce Alliance is protected and listed as an additional interest in any insurance coverage that covers the actions or non-action of any contractor or partner in which a legal agreement has been entered.

Purchasing Authority- Senior and management staff will have the authority to purchase supplies/equipment using authorized vendors. All procurement policies established by the Federal Government, State Government, CEOB and the Board of Directors must be followed by staff making purchases.

	Staff	Senior Staff	President/CEO	Board Members
General Items/Services	\$500- Single Transaction	\$2,500- Single Transaction	\$5,000- Single Transaction	N/A
	\$1,000 Monthly	\$5,000 Monthly (President/CEO can approve exceptions)	\$7,500 Monthly Limit (Board Chair can approve exceptions)	
Travel Expenses	Pre-Approved Costs	Pre-Approved Costs	Up to \$5,000, (Board Chair can approve exceptions)	Up to \$2,000
	No Per Diem	No Per Diem		
Participant Direct Services/Supports	N/A	Pre-Approved Costs	Pre-Approved Costs	N/A

All Purchases must be within budgeted amounts and approved funding sources.

Pre-Approval Requirements

- (a) All Purchases over the transaction limits require pre-approval by a Senior Staff member
- (b) Overnight travel expenses must be approved via the organization's Overnight Travel Form.

Training and Client Support Service Obligations- Two staff members together have the authority to obligate client training and supportive service funds up to the current limits established in the training policies and the available budget. One staff must be management and the other, fiscal staff. Final expenditures will be subject to purchasing authority.

Senior Staff utilize Credit Cards to complete some transactions. The restrictions and appropriate use of cards are as follows:

(a) Issuance of Purchase Cards/Credit Cards

- (1) Purchase cards will be issued only with the approval of a Senior Staff Member.
- (2) Cards are issued in the individual employee's name and must be used only by that individual.
- (3) Employees must sign a Cardholder Agreement acknowledging they understand and agree to comply with this policy before receiving a card.

(b) Authorized Use

(1) Purchase cards may be used for:

- i. Office supplies and materials
- ii. Pre-Approved travel expenses (airfare, lodging, transportation)
- iii. Approved program expenses
- iv. Approved conference registration fees and training costs
- v. Emergency purchases when pre-approval is not feasible
- vi. WA Purchasing Authority Policy applies

(2) Purchase cards man NOT be used for:

- i. Per diems
- ii. Personal purchases of any kind
- iii. Cash advances or withdrawals
- iv. Alcohol or tobacco (unless specifically approved for special events)
- v. Fuel for personal vehicles
- vi. Gifts for employees unless specifically authorized
- vii. Items not budgeted or outside organizational priorities
- viii. Splitting purchases to circumvent card limits

(c) Pre-Approval Requirements

- (1) All purchases over the transaction limits require pre-approval by a Senior Staff member
- (2) Overnight travel expenses must be approved via the organization's Overnight Travel Form.

(d) Documentation & Receipts

- (1) Original, itemized receipts are required for all purchases. Packing Slips and/or order forms should also be included when available.
- (2) Receipts must be submitted with the monthly reconciliation through the Website/App.
- (3) Missing receipts must be documented with a Missing Receipt Form and approved by a supervisor and a member of senior staff.

(e) Reconciliation & Review

- (1) Employees must reconcile their purchase card transactions and upload receipts and documentation at least bi-weekly.
- (2) Statements must be submitted with receipts to fiscal within 3 days of statement close date. Employees are encouraged to submit receipts as soon as possible after a purchase is made.

- (3) Supervisors will review and approve reconciliations.
- (4) Fiscal will audit purchases monthly. The Board Chair will review the President/CEO's purchases.
- (f) Lost or Stolen Cards
 - (1) Cardholders must immediately report lost or stolen cards to their supervisor and fiscal.
 - (2) Fraudulent charges must be reported to fiscal promptly for dispute resolution.
- (g) Non-Compliance
 - (1) Unauthorized or inappropriate use of the purchase card may result in:
 - i. Revocation of card privileges
 - ii. Repayment of unauthorized charges
 - iii. Disciplinary action, up to and including termination
 - iv. Possible legal action

Conferences (Meetings)- A conference is defined as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond and is necessary and reasonable for successful performance. Allowable conference costs paid may include sponsoring or hosting of a conference including rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of an award. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the award.

VIII. Financial Reporting

The Paymaster will provide budget reports, grant balances, trial balances, and a general ledger update by the 20th of each month of the previous month's financial activity. Reports will be prepared according to GAAP. At the end of each quarter financial statements will be prepared including Assets, Liabilities and Net Assets, Statement of Activities, along with Trial Balances and any accompanying schedules (pre-paid, capitalization, etc.). Reports will also be shared with Staff, CEOB, and Board of Directors as well as reported to the State of Kansas and the US Department of Labor as required. The Finance Committee has the primary task of reviewing all financial documents and reports.

IX. Subawards/Contracts

Subawards for organizations will be completed as approved in grant agreements. Risk assessments will be completed and placed in the subaward file. Monitoring will be completed of each subaward based on the outcomes of the risk assessment. Each subaward will be monitored at least once during the contract period.

If it is determined a subaward will benefit the project, the WA will seek approval from the awarding agency before proceeding with a subaward. The WA will complete a budget modification if required before completing a subaward.

For Federal Awards, the WA will seek approval from the awarding agency for the other following items:

1. If there is a deviation from the budget or project scope or objective
2. Change in scope of the objective
3. Change in key person specified in the award

4. There is a disengagement from the award for more than 3 months or a 25% reduction in the time devoted to the award
5. The inclusion, unless waived by the Federal Awarding Agency, of costs that require prior approval in accordance with subpart E as applicable
6. The transfer of funds budgeted for participant support costs to other categories of expense
7. Unless described in the application and funded in the approved Federal awards, the subawarding, transferring or contracting out of any work under a Federal award, including fixed amount subawards as described in [§ 200.333](#).
8. Changes in the approved cost-sharing or matching provided by the non-Federal entity.
9. The need arises for additional Federal funds to complete the project.