
**APPALACHIAN REGIONAL COMMISSION
OFFICE OF INSPECTOR GENERAL**

**AUDIT OF GRANT AWARD
Jobs for West Virginia's Graduates, Inc.
Huntington, WV**

**Final Report Number: 16-23
Project Numbers: WV-17453-C1, C2 & C3
July 2016**

Prepared by:

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July 22, 2016

Appalachian Regional Commission
Office of Inspector General
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Leon Snead & Company, P.C. completed an audit of grant number WV-17453 awarded by the Appalachian Regional Commission (ARC) to Jobs for West Virginia's Graduates, Inc. (JWVG). The audit was performed to assist the Office of Inspector General in carrying out its oversight of ARC grant activities.

The audit objectives were to determine whether: (1) program funds were managed in accordance with the ARC and Federal grant requirements; (2) grant funds were expended as provided for in the approved grant budget; (3) internal grant guidelines, including program (internal) controls, were adequate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with generally accepted accounting principles (or other applicable accounting and reporting requirements); and (5) the matching requirements and the performance goals and objectives of the grant were met.

The costs tested were supported and considered reasonable. We found that JWVG had an adequate process in place for obtaining and recording data related to the goals of the grant. The overall grant performance measures, with respect to anticipated outputs and outcomes, were met.

However, we identified two areas that require management attention. There was not sufficient segregation of duties to ensure adequate internal control over financial transactions or compliance with federal requirements. Also, we noted that JWVG's Accounting Policies and Procedures did not fully address the requirements found in the federal regulations.

These issues and the corresponding recommended corrective actions are discussed in the Findings and Recommendation section of this report. A draft report was provided to JWVG on June 9, 2016 for comments. JWVG provided a response to the report on July 8, 2016. Their comments are included in the report, and supporting documentation is included in Appendix I.

Leon Snead & Company appreciates the cooperation and assistance received from the JWVG and ARC staff during the audit.

Sincerely,


Leon Snead & Company, P.C.

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Background

Leon Snead & Company, P.C. completed an audit of grant numbers WV-17453-C1, WV-17453-C2, and WV-17453-C3 awarded by the Appalachian Regional Commission (ARC) to Jobs for West Virginia's Graduates, Inc. (JWVG). The audit was conducted at the request of the ARC, Office of Inspector General, to assist the office in its oversight of ARC grant funds.

ARC awarded the grant funds to support youth development programs administered by JWVG in high schools of Cabell, Greenbrier, and Wayne Counties. JWVG uses the Jobs for America's Graduates model which includes job specialists trained in its curriculum for delivering youth development programming. Under the program, JWVG places job specialists in high school class rooms to help students improve in areas such as job seeking skills, self-esteem development, basic academics, job survival, personal values, cultural and social skills, and career orientation and exploration. The Jobs for America's Graduates curriculum also includes a credit-bearing class, daily one-on-one training and mentoring, job shadowing, and paid and unpaid internships at local businesses.

Objectives, Scope, and Methodology

The audit objectives were to determine whether: (1) program funds were managed in accordance with the ARC and Federal grant requirements; (2) grant funds were expended as provided for in the approved grant budget; (3) internal grant guidelines, including program (internal) controls, were adequate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with generally accepted accounting principles (or other applicable accounting and reporting requirements); and (5) the matching requirements and the goals and objectives of the grant were met.

Grant WV-17453-C1 covered the period August 1, 2013 to September 30, 2014 and provided \$130,000 in ARC funds and required \$130,000 in non-ARC recipient matching funds. The total estimated project cost was \$260,000. A total of \$122,424 in grant funds was expended and reimbursed by ARC and \$122,424 was provided in non-ARC recipient matching funds. The total project cost was \$244,848. The grant was completed and had been administratively closed by ARC.

Of the \$122,424 in expenditures charged to WV-17453-C1 and claimed for reimbursement, we selected a sample of \$23,243 for testing to determine whether the charges were properly supported and allowable. We tested matching costs in the amount of \$23,243 to determine whether the charges were properly supported and allowable.

Grant WV-17453-C2 covered the period July 1, 2014 to September 30, 2015 and provided \$130,000 in ARC funds and required \$130,000 in non-ARC recipient matching funds. The total estimated project cost was \$260,000. A total of \$122,856 in grant funds was expended and reimbursed by ARC and \$122,856 was provided in non-ARC recipient matching funds. The total project cost was \$245,712. The grant was completed and had been administratively closed by ARC.

Of the \$122,856 in expenditures charged to WV-17453-C2 and claimed for reimbursement, we selected a sample of \$50,160 for testing to determine whether the charges were properly supported and allowable. We tested matching costs in the amount of \$50,160 to determine whether the charges were properly supported and allowable.

Grant WV-17453-C3 covers the period July 1, 2015 to September 30, 2016 and provides \$130,000 in ARC funds and requires \$219,500 in non-ARC recipient matching funds. The total estimated project cost is \$349,500. At the time of the audit, the grant was still in progress.

Of the \$83,206 in expenditures charged to WV-17453-C3 and claimed for reimbursement as of the time of the audit, we selected a sample of \$40,198 for testing to determine whether the charges were properly supported and allowable. We tested matching costs in the amount of \$40,198 to determine whether the charges were properly supported and allowable.

We reviewed documentation provided by JWVG and interviewed the Executive Director to obtain an overall understanding of the grant activities, the accounting system, and general operating procedures and controls. We reviewed financial and project progress reports to determine if they were submitted in accordance with requirements. We reviewed the most recent accounting review and financial statements to identify any issues that significantly impacted the ARC grant and the grant audit.

The on-site fieldwork was performed at the JWVG Executive Director's office in Huntington, WV during May 17-19, 2016. The preliminary results were discussed with the JWVG staff at the conclusion of the on-site visit. JWVG was in general agreement with the preliminary results.

The primary criteria used in performing the audit were the grant agreements; 2 CFR 200; applicable Office of Management and Budget (OMB) Circulars, and the ARC Code. The audit was performed in accordance with *Government Auditing Standards*.

Summary of Audit Results

The costs tested were supported and considered reasonable. We found that JWVG had an adequate process in place for obtaining and recording data related to the goals of the grant. The overall grant performance measures, with respect to anticipated outputs and outcomes, were met.

However, we identified two areas that require management attention. There was not sufficient segregation of duties to ensure adequate internal control over financial transactions or compliance with federal requirements. Also, we noted that JWVG's Accounting Policies and Procedures did not fully address the requirements found in the federal regulations.

These issues and the corresponding recommended corrective actions are discussed in the Findings and Recommendations section of this report.

Findings and Recommendations

A. Financial Management and Internal Controls

The JWVG financial management system did not have sufficient segregation of duties to ensure adequate internal control over financial transactions or compliance with federal requirements.

Title 2, Grants and Agreements, Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards states that the financial management system of each non-Federal entity must provide for "...Effective control over, and accountability for, all funds, property and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes..."

In addition, it states that "...The 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...."

The JWVG Executive Director was responsible for determining the sources and prices for products and services, reviewing the invoices upon receipt, deciding the suitability for payment, signing the checks to pay the invoices, hiring employees, administering employee benefits, preparing and signing payroll checks, and recording the transactions in the accounting system. The Executive Director also maintained the QuickBooks system and prepared all accounting records and financial reports.

JWVG receives an annual accounting review from an independent CPA firm in accordance with Statements on Standards for Accounting and Review Services. We obtained copies of the review reports covering the years 2013, 2014, and 2015. The reviews did not address internal controls or segregation of duties.

The JWVG Accounting Policies and Procedures address and detail the proposed division of responsibilities between the board of directors and the Executive Director. However, our audit found that input from the board was minimal, with most responsibilities residing with the Executive Director.

The JWVG Executive Director stated during the audit that he was aware of the issue, and noted that the small size of the organization with no additional employees makes segregation of duties difficult. Board input is minimal, as the board members are more honorary in position than official. Also, the firm that does their annual review monitors their audit trail in QuickBooks in order to help with oversight and outside monitoring. The Executive Director said he was willing to work with the board in order to help with oversight of operations.

Recommendation

The Board and Executive Director should implement changes in operations to ensure that its financial management system contains sufficient internal controls to account for all funds and federal requirements as required by 2 CFR 200.

Grantee's Response

We have amended our Fiscal Policies in such a way that we believe we are now in compliance with the issues raised. A copy of our newly revised policy booklet, as adopted by our Board of Directors, is attached (Appendix I).

Specifically, "Section II. Division of Responsibilities" has been amended to include a Senior Job Specialist (what we call our regional managers) to complete the bank reconciliation process. Further, the process of completing the reconciliations has been enumerated, with a requirement that reports be presented to the Chairman and Treasurer of the Board of Directors. (See pages 2-3 of the attached accounting policies and procedures manual)

In addition, "Section IX. Bank Account Reconciliations" from the previous version of the policies and procedures manual has been deleted.

Auditor's Comments

ARC will determine whether the actions taken by the recipient are adequate to resolve the finding and close the recommendation.

B. Policies and Procedures

We evaluated the JWVG's Accounting Policies and Procedures manual for compliance with ARC and other federal requirements. Although there were no problems noted, there were several areas that need to be added in order to be in compliance with ARC and federal requirements.

Title 2, Grants and Agreements, Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards states the following are required of the non-Federal entity:

Financial Management

§200.302(b)(6): Written procedures to implement the requirements of §200.305 Payment.

§200.302(b)(7): Written procedures for determining the allowability of costs in accordance with Subpart E - Cost Principles of this part and the terms and conditions of the Federal award.

Payment

§200.305(b)(1): The non-Federal entity must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in this part.

General Procurement Standards

§200.318(c)(1): The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

§200.318(c)(2): If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest.

Competition

§200.319(c): The non-Federal entity must have written procedures for procurement transactions.

Methods of Procurement to be followed

§200.320(d)(3): The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients.

Recommendation

JWVG should use the OMB guidance listed above as a basis to bring their existing policies and procedures into compliance with OMB standards. These policies and procedures should be reviewed and updated on a regular basis in order to maintain compliance with OMB standards and the needs of the organization.

Grantee's Response

We have amended our Fiscal Policies in such a way that we believe we are now in compliance with the issues raised. A copy of our newly revised policy booklet, as adopted by our Board of Directors, is attached (Appendix I).

- *Section XVI. Procurement* has been amended to lower the value threshold to \$3,000. (page 7)
- *Section XVIII. Cost Principles* has been added to address 2 CFR 200.400. (page 8)
- *Section XIX. Payment* has been added to address 2 CFR 200.305(b)(1). We are not sure that this addition adequately addresses the concerns of the code and will certainly entertain any suggestions for revision. (page 9)
- *Section XX. Conflicts of Interest* has been added to address 2 CFR 200.318(c)(1)-(2). (page 9)
- *Section XXI. Competition* has been added to address 2 CFR 200.319(c) and 320(d)(3). (page 9)

Auditor's Comments

ARC will determine whether the actions taken by the recipient are adequate to resolve the finding and close the recommendation.

Leon Snead Company

From: Brent Sturm JWVG [ed.jwvg@live.com]
Sent: Friday, July 08, 2016 3:59 PM
To: Leon Snead & Company
Subject: RE: Draft Audit Report - Grant No. WV-17453
Attachments: C160708 Leon Snead.pdf; 160708 Fiscal Policies.pdf

Good Afternoon!

Attached is a memorandum detailing the actions we have taken to date, as well as a newly revised copy of our Fiscal Policies and Procedures.

We believe that the revisions have adequately responded to the concerns in your draft report. Please feel free to make further suggestions or to point out any need for further revision.

I will be traveling for the next week, returning to the office on July 18th. I will, however, have e-mail access while attending these meetings. Please feel free to be in contact anyway convenient.

This process has been a very good one for our organization. We thank you for your assistance.

Brent

W. Brent Sturm, Executive Director
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From: leonsnead.companypc@erols.com
To: ed.jwvg@live.com
Subject: Draft Audit Report - Grant No. WV-17453
Date: Thu, 9 Jun 2016 10:44:50 -0400

Good Morning Mr. Sturm,

Attached is a copy of the draft report on the above referenced audit for your review and comments. Please provide your comments by July 8, 2016. Please indicate whether you concur or nonconcur with the recommendations in the report and state what actions have been taken or are contemplated to implement the recommendations. If you have any questions, please call or e-mail me. Please confirm your receipt of the attached report. Thanks very much for your assistance.

Leon Snead



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FAX (304) 521-1905
Email ed.jwvg@live.com

TO: Leon Snead & Company, P.C.
FROM: W. Brent Sturm
DATE: July 8, 2016
RE: Appalachian Regional Commission
Grants WV-17453-C1, C2 & C3

We are in general agreement with the findings in the draft report of your audit of the above grants. We have amended our Fiscal Policies in such a way that we believe we are now in compliance with the issues raised. A copy of our newly revised policy booklet, as adopted by our Board of Directors yesterday, is attached.

Specifically, the following revisions are noted:

Section II. Division of Responsibilities has been amended to include using a Senior Job Specialist (what we call our regional managers) to complete the bank reconciliation process. Further, the process of completing the reconciliations has been enumerated, with a requirement that reports be presented to the Chairman and Treasurer of the Board of Directors. (See pages 2-3)

What was *Section IX. Bank Account Reconciliations* has been deleted, and subsequent sections renumbered accordingly.

Section XVI. Procurement has been amended to lower the value threshold to \$3,000. (page 7)

Section XVIII. Cost Principles has been added to address 2CFR200.400ff. (page 8)

Section XIX. Payment has been added to address 2CFR200.305b1. We are not sure that this addition adequately addresses the concerns of the code and will certainly entertain any suggestions for revision. (page 9)

Section XX. Conflicts of Interest has been added to address 2CFR200.318c1-2. (page 9)

Section XXI. Competition has been added to address 2CFR200.319c and 320d3. (page 9)

We believe that this addresses the concerns raised in your draft report. Again, we are very willing to entertain any and all suggestions for further revision, should you deem it necessary.

Thank you for your time and consideration. Audits are never a pleasant experience, but your staff has made this one relatively easy, and very helpful to our organization.

A handwritten signature in blue ink that reads "W. Brent Sturm". The signature is written in a cursive, flowing style.



JOBS
for WEST VIRGINIA'S
Graduates

**Accounting Policies
and Procedures**

I. Introduction

The purpose of this document is to describe all accounting policies and procedures currently in use at Jobs for West Virginia's Graduates, Inc. and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

Because there is no office staff other than the Executive Director at this time, segregation of duties is difficult. However, the staff is directed by the Board of Directors to adhere to these policies in order to safeguard the funds entrusted to us. These policies will be reviewed annually and revised as needed by the Executive Director and Executive Committee of the Board of Directors.

II. Division of Responsibilities

Until the organization grows to sufficient size to allow for further segregation of duties, we will follow the following system of checks and balances.

The Board of Directors:

1. Reviews and approves the annual budget.
2. Reviews annual and periodic financial statements and information.
3. Reviews Executive Director's performance annually and establishes the salary.
4. The Chairman of the Board and the Corporate Treasurer shall be signatories on all bank accounts.
5. Reviews and approves all contracts over \$100,000.
6. Reviews and approves all non-budgeted expenditures over \$1,000.
7. Reviews and advises staff on internal controls and accounting policies and procedures.
8. Chooses and contracts with an auditor for an annual audit or financial review as appropriate.

The Executive Director:

1. Approves all program expenses in accord with the annual budget adopted by the Board of Directors.
2. Prepares and reviews all financial reports and submits them to the Board of Directors for approval.
3. Monitors program budgets and reports any potential cost over-runs to the Board of Directors as soon as possible.
4. Prepares all payrolls and is responsible for maintaining personnel files.
5. Develops and presents to the Board an appropriate budget at least annually.

6. Prepares, reviews and signs all issued checks.
7. Reviews and approves all contracts under \$200,000.
8. Reviews and approves all grant submissions.
9. Processes inter-account bank transfers electronically as needed.
10. Is on-site signatory for all bank accounts.
11. Monitors and manages cash-flow and reports anticipated short-falls to the Board of Directors in a timely fashion.
12. Manages expense allocations, especially between various cost centers and income streams.
13. Provides a written acknowledgement of all donations received.
14. Maintains the general ledger, accounts payable, accounts receivable, etc. within the QuickBooks accounting software package.
15. Maintains a backup of all computerized records to a “sky drive”.
16. Oversees the adherence to all internal controls.

Senior Job Specialist (local regional manager):

1. All bank statements are given unopened to the Senior Job Specialist (or downloaded by the Senior Jobs Specialist in the case of electronic statements). The Senior Job Specialist reviews the statements for unusual balances and/or transactions.
2. The Senior Job Specialist completes a timely reconciliation as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers, when possible. (Statements are generally received electronically and cancelled checks are not returned.)
3. The Senior Job Specialist will verify that voided checks, if returned, are appropriately defaced and filed.
4. The Senior Job Specialist will investigate any checks that are outstanding over six months.
5. The Senior Job Specialist will sign the reconciliation report and will attach the completed bank reconciliation to the applicable bank statement, along with all documentation.
6. The reconciliation report will be reviewed, approved, dated, and initialed by the Executive Director.
7. Copies of the reports will be forwarded to the Chairman of the Board of Directors and to the Treasurer of the Board of Directors.

III. Chart of Accounts and General Ledger

Jobs for West Virginia's Graduates, Inc. has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (program vs. fundraising vs. administration). The Executive Director, in consultation with the Certified Public Accountant, is responsible for maintaining the Chart of Accounts and revising as necessary.

The general ledger is automated and maintained using QuickBooks accounting software. All input and balancing is the responsibility of the Executive Director. The general ledger is available for review by the Chairman and/or the Treasurer of the Board of Directors at any time. Entries are reviewed at least annually by a Certified Public Accountant.

IV. Cash Receipts

Cash receipts generally arise from contracts and grant, direct donor contributions, and fund raising activities. Most income is received by electronic bank transfer.

When income arrives by mail, the Executive Director immediately records the receipt in the accounting system, stamps each check "For Deposit Only", and prepares a bank deposit. Deposits are made at the bank as soon as possible, usually the same day. The bank receipt for the deposit is retained until the monthly bank statement arrives and is reconciled.

Job Specialists are sometimes involved in fund raising activities in their local schools. They are actively discouraged from handling cash, and are directed to the school's control procedures for further guidance.

V. Inter-Account Bank Transfers

The Executive Director monitors the balances in the bank accounts to determine when there is a shortage or excess in the checking account. Transfers are made to maximize the potential for earning interest. Transfers are made electronically.

VI. Cash Disbursements

Cash disbursements are generally made for budgeted expenses, such as payments to vendors for goods and services, taxes and business fees, staff training and development, salaries, etc.

Checks are processed at least bi-monthly. The bottom check stub is retained and attached to the paperwork supporting the expense. These items are filed by vendor. All checks have but a single signature (as that is all our bank allows), however, payments that exceed the amount budgeted by the Board of Directors will be approved by either the Chairman or the Treasurer of the Board and such approval documentation attached.

VII. Expense Allocations

Often expenses must be allocated to specific grants. This is especially the case with the Executive Director's salary. Most expenses that benefit more than one cost center are spread across centers using a shared cost method. Under this method, the number of full-time equivalents (FTEs) within a department are divided by the total number of FTEs at the organization to determine the percentage of shared costs they should bear. This is done by the Executive Director as checks are prepared for printing. The Director also reviews those allocations at least quarterly for completeness and accuracy.

VIII. Accruals

To ensure a timely close of the General Ledger, Jobs for West Virginia's Graduates, Inc. may book accrual entries. Some accruals will be made as recurring entries. When it is impractical (or even impossible) to calculate an exact accrual entry, an estimation is acceptable. The accounting firm reviews these entries (and makes additional entries) during the audit or financial review each year.

X. Personnel Records

1. All personnel files contain the following documents: an application and/or resume, date of employment, position and pay rate, authorization of payroll deductions, W-4 withholding authorization, termination data where applicable, a signed acknowledgement of receipt of Employee Handbook, and other forms as deemed appropriate by the Executive Director.
2. All employees will fill out an I-9 form and submit the allowable forms of identification to the Executive Director.
3. All personnel files are to be kept in a secure, locked file cabinet and accessed only by authorized personnel.

XI. Payroll Processing

1. All employees are exempt from the Fair Labor Standards Act and are compensated on the basis of salary, rather than hourly rates.
2. Should an employee begin or end employment with Jobs for West Virginia's Graduates, Inc. on a day not the first or the last of a calendar month, the compensation for that month will be reduced in accordance with the percentage of calendar days in that month not worked.
3. Paychecks will be distributed by the Executive Director on the 15th and last day of each month.
4. If the employee requests that his/her check be turned over to a third party, the request must be made in writing prior to distribution.

5. The Executive Director will review payroll expenditures and allocations monthly.
6. All quarterly federal and state payroll reports will be prepared and filed appropriately.
7. All W-2 statements are issued to employees prior to January 31st of the following year for the prior calendar year.

XII. End of Month, Quarter, and Fiscal Year-End Close

1. At the end of each quarter and fiscal year end, the Executive Director will review all balance sheet accounts including verification of the following balances: cash accounts match the bank reconciliations, fixed assets accounts reflect all purchases, write-downs and retirements, accounts receivable and payable accounts match outstanding amounts due and owed.
2. The income and expense accounts review will include reconciliation to amounts received and expended and verification that payroll expenses match the payroll reports including federal and state payroll tax filings.
3. Once the final fiscal year-end financial statements are run, reviewed, and approved by the Executive Director, no more entries or adjustments will be made into that month or year's ledgers.
4. At the end of the fiscal year, the outside CPA will prepare the annual Return for Organization Exempt from Income Tax (IRS Form 990). The return will be presented to the Executive Director, and the Board Chair for their review and approval. The Executive Director will then file the return with the Internal Revenue Service by the annual deadline.
5. All other appropriate government filings including those required by the state tax board and attorney general's office will be completed and filed with the appropriate agency.

XIII. Financial Reports

The Executive Director will prepare annual financial reports for distribution to the Board of Directors. The reports will include: balance sheet, statement of income and expenses, budget versus actual report for each program which has an established budget, a budget versus actual report for the organization, accounts receivable aging, accounts payable register and aging, cash flow projection, and any other requested reports.

Periodic and annual financial reports will be submitted to the Board of Directors for review and approval.

XIV. Fiscal Policy Statements

1. All cash accounts owned by Jobs for West Virginia's Graduates, Inc. will be held in financial institutions which are insured by the FDIC. No bank account will carry a balance over the FDIC insured amount.

2. All expenditures for durable goods which exceed ten thousand dollars (\$10,000) will be capitalized.
3. No salary advances will be made under any circumstances.
4. No travel cash advances will be made except under special conditions and pre-approved by the Executive Director.
5. Reimbursements will be paid upon complete expense reporting.
6. Any donated item with a value exceeding \$50 will be recorded and a letter acknowledging the donation will be sent to the donor within two weeks of the receipt of the donation.
7. Bank statements will be reconciled monthly.
8. Accounting and personnel records will be kept in locked file cabinets in the office and only the Executive Director will have access to the keys.

XV. Accounts Payable

Invoices will be posted to the accounting system as received so that there is a consistent accounting of Accounts Payable. Payment will be made in a timely fashion. Every effort will be made to complete expense allocations (see Section VII, above) at the time the invoice is entered into the system. The expense allocation, if any, will also be reviewed at the time the invoice is paid.

XVI. Procurement

The Executive Director is authorized to make the purchases funded by the Board approved budget. Purchases outside of the budget will be approved by either the Chairman or Treasurer of the Board of Directors before the purchase is made. Documentation of said approval shall be attached to the payment documentation.

Should there be purchases of durable equipment valued at over \$3,000, the Executive Director will secure prices from at least three sources and make a recommendation to the Chairman or Treasurer of the Board of Directors, or both of them. Either the Chairman or the Treasurer shall approve the purchase and documentation of said approval shall be attached to the paperwork supporting the payment.

XVII. Grant Management and Draws

Signature Authority

The Executive Director shall have signature authority on all grants, grant draws, grant reports, etc. for grant that do not exceed \$250,000. For grants that exceed \$250,000, the Chairman of the Board of Directors shall sign all contracts and amendments; the Executive Director may still sign reports, periodic draw down requests, etc.

Draw Down of Grant Funds

Grant funds will be drawn as soon as is permitted by each individual grant agreement. Where advances are permitted, the Executive Director will take advantage of those provisions in order to expedite cash flow and maximize interest earnings.

Grant Management

The Executive Director shall be responsible for maintaining the company in compliance with all terms of the various grant agreements that fund our work. This includes, but is not limited to, maintaining adequate and accurate records, preparing period reports as requested by the grantor, and filing draw down requests in a timely and accurate manor.

XVIII. Travel

The Executive Director must travel extensively in order to administer our work in the various schools we serve, promote and market our program, and stay abreast of the latest research and best practices in the field. Therefore, we fund a budget account (Travel) to fund reimbursements for the expenses s/he may incur. The Director is expected to make informed and economically sound choices when choosing the mode of transportation. Expense reimbursement for mileage shall be at the rate set by the United States Internal Revenue Service. Common carrier fares will be reimbursed at the “coach” or “economy” rate. Expenses for lodging and meals are expected to stay at or under the average market price in the area visited. Receipts are required for all expenses in excess of twenty-five dollars (\$25). The amount that will be reimbursed by the company in a given year is limited by the amount set in the budget. The expectations of the job description are not lessened by the lack of funds remaining in the budget.

XVIII. Cost Principles

All costs will be reviewed by the Executive Director to assure compliance with the cost principles set forth in 2CFR200.4, and in compliance with the various grant agreements that fund the particular cost. Generally speaking, costs must be:

- Reasonable and necessary (2CFR200.403a)
- Conform to any restrictions and/or limitations set forth in the award of the funds (2CFR200.403B)
- Be consistent between federally funded and non-federally funded streams of income (2CFR200.403c)
- Be afforded consistent treatment (2CFR200.403d)
- Be in accordance with generally accepted accounting principles (2CFR200.403e)
- Federal awards may “not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.” (2CFR200.403f)
- Be adequately documented (2CFR200.403g)

Care should be taken to review the remainder of Subpart E – Cost Principles – of Chapter 2 of the Code of Federal Regulations should any question arise.

XIX. Payment

Funds received will be recorded, deposited, and distributed as soon as possible. Advances will be recorded in the bookkeeping system as liabilities when received, and transferred into the appropriate income account only when the advance is earned. However, disbursement will not be delayed as the company completes paperwork documenting the earning of the advance.

XX. Conflicts of Interest

“No employee, officer, or agent [of Jobs for West Virginia’s Graduates] may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.” The officers, employees, and agents of Jobs for West Virginia’s Graduates “may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.” (2CFR200.318c1)

Organizational conflicts of interest may also exist. Employees, officers, and agents of Jobs for America’s graduates are expected to recuse themselves from any decision that may accrue benefit to his or her self, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein.

It is expected that all employees, officers, and agents of Jobs for America’s Graduates adhere to this policy without reserve. Violation of this policy may result in dismissal of an employee, removal of a member of the Board of Directors, and/or the discontinuance of an agreement with an agent.

XXI. Competition

All procurements must be conducted in a manner that provides full and open competition. Small purchases (relatively simple and informal purchases of supplies or services at a cost of \$3,000 or less) should be spread among various qualifying vendors in our service area with substantially the same prices.

Purchases exceeding \$3,000 require at least three bids. The bidding process must not be restrictive of competition. Situations considered to be restrictive of competition include (but are not limited to):

- Placing unreasonable qualifying requirements on firms
- Requiring unnecessary experience and excessive bonding requirements
- Noncompetitive pricing practices between firms or affiliated companies
- Noncompetitive contracts to consultants that are on retainer
- Organization conflicts of interest
- Specifying on a “brand name” instead of allowing for “an equal” product consideration

- Arbitrary action in the procurement process

Once bids are received, they shall be evaluated concerning cost, value, quality, the ability of the vendor to deliver, etc. All things being equal, the purchase will be awarded to the lowest bidder. However, if other items (such as quality) come into play, they shall be considered as part of the “total cost” of the acquisition.

Revised and Adopted, July 7, 2016