
**APPALACHIAN REGIONAL COMMISSION
OFFICE OF INSPECTOR GENERAL**

AUDIT OF GRANT AWARD

**Fayette County Community Action Agency
Uniontown, Pennsylvania**

**Final Report Number: 19-37
Grant Number: PW-18942**

September 2019

Prepared by:

Leon Snead & Company, P.C.



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September 3, 2019

Appalachian Regional Commission
Office of the Inspector General
1666 Connecticut Avenue, N.W.
Washington, DC 20009

Leon Snead & Company, P.C. completed an audit of grant PW-18942 awarded by the Appalachian Regional Commission (ARC) to the Fayette County Community Action Agency Inc. (FCCAA), Uniontown, Pennsylvania. 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.

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 (6) the established performance measures were met.

FCCAA had written financial and administrative policies and procedures for key areas applicable to grant funds and activities, which were considered adequate for administering the grant. Matching amounts reported to ARC were adequately supported, and it appeared FCCAA would meet the required levels at grant end. However, policies and procedures related to fund advances and equipment management need to be improved. Financial and project reporting requirements were being reasonably met except for two aspects of interim project reports. Actual results and progress toward achieving established grant performance measures and FCCAA's outlook for project sustainability need to be reported more clearly to comply with the ARC guidelines.

A draft report was provided to FCCAA on August 2, 2019, for comments. FCCAA provided a response to the report on August 21, 2019, which is included in this report as an Appendix.

Leon Snead & Company appreciates the cooperation and assistance received from the grantee and ARC staffs during the audit.

Sincerely,

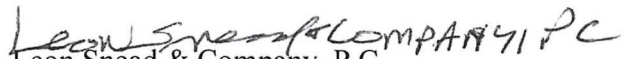

Leon Snead & Company, P.C.

TABLE OF CONTENTS

	<i><u>Page</u></i>
Background	1
Objective, Scope, and Methodology	1
Summary of Audit Results	2
Findings and Recommendations	3
A. Advance Funding	3
B. Equipment Management	5
C. Project Reporting.....	7
Appendix – Grantee’s Response	

Background

Leon Snead & Company, P.C. completed an audit of grant PW-18942 awarded by the Appalachian Regional Commission (ARC) to the Fayette County Community Action Agency Inc. (FCCAA), Uniontown, Pennsylvania. 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 \$1,750,000 to FCCAA for grant PW-18942 and requires \$1,796,961 in match. Estimated project costs are \$3,546,961. The period of performance for the grant is May 1, 2017 to March 31, 2020. The ARC funding is predominantly for salaries, contractual costs, equipment purchases, and travel. Planned match includes in-kind salaries and equipment, state funding, and other local sources. The grant was still open and active at the time of the audit.

The grant was awarded under the Partnership for Opportunity and Workforce and Economic Revitalization (POWER) initiative. The primary purpose of the project is to improve and expand four of Southwestern Pennsylvania's existing agricultural industry clusters, which are sheep, lambs, and goats; poultry; produce and specialty products; and value-added food processing, in order to develop a local food shed. The food shed will help provide new economic opportunities in communities impacted by the decline of the coal industry and diversify the economies of 38 counties in Pennsylvania, West Virginia, and Maryland. Project activities include outreach to coal-impacted communities, identifying new products and emerging markets, providing training and assistance to farmers and food entrepreneurs, and developing new technologies to increase food shed profitability.

FCCAA, as the primary grantee, is responsible for administering the overall project and funds. This includes monitoring and supporting the Republic Food Enterprise Center (RFEC), a non-profit local food hub that was created by and affiliated with FCCAA, which performs many of the project activities. The project also includes several other partners, including the Pennsylvania Department of Agriculture, county officials, local universities, economic development authorities, community agencies, farmers, food businesses, and a community development financial institution.

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 (6) the established performance measures were met.

FCCAA reported total program expenditures of \$1,459,626 as of April 30, 2019. We tested and examined supporting documentation for \$313,500 of costs charged to ARC funds and \$422,981 of matching costs to determine if the amounts were adequately supported and allowable.

We reviewed documentation provided by FCCAA and RFEC and interviewed staff to obtain an overall understanding of the grant activities, accounting system, and general operating

procedures and controls applicable to the grant. We reviewed financial and project reports to determine if they were submitted to ARC in accordance with requirements. We reviewed the grantee's most recent annual audit report to identify any issues impacting the ARC grant and our audit.

The on-site fieldwork was performed at FCCAA offices in Uniontown, PA during June 17-21, 2019. The preliminary results were discussed with FCCAA staff at the conclusion of the on-site visit and they were in general agreement with issues identified and related recommended actions.

The primary criteria used in performing the audit were 2 CFR 200, the ARC Code, and the grant agreement. The audit was performed in accordance with the Government Auditing Standards.

Summary of Audit Results

FCCAA had written financial and administrative policies and procedures for key areas applicable to grant funds and activities, which were considered generally adequate for administering the grant. Matching amounts reported to ARC were adequately supported, and it appeared FCCAA would meet the required levels at grant end. However, policies and procedures related to fund advances and equipment management need to be improved.

Financial and project reporting requirements were being reasonably met except for two aspects of interim project reports. Actual results and progress toward achieving established grant performance measures and FCCAA's outlook for project sustainability were not being adequately reported to be useful in assessing those aspects of the grant.

The grant project was still active, so final grant performance results were not available. Current, verified data was not available for six of the eight performance measures established for the grant. Therefore, an objective assessment of the overall progress and likelihood of full achievement of all the goals by grant end was not possible.

For the two measures that had reasonable data, one had already been exceeded and one was significantly below the level expected. Forty-five jobs were expected to be retained under the grant, and 54 full time jobs were documented to date as retained. It was expected that the grant would result in \$3.5 million of leveraged private investment, but only \$1.03 million had been documented.

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

Findings and Recommendations

A. Advance Funding

During the FCCAA 2018 annual audit, it was determined that FCCAA had obtained \$629,392 in advance funding on the ARC grant in September 2017 and had \$260,743 remaining unexpended as of June 2018. This was a significantly longer period than 120 days required by ARC and the time expected under federal cash management standards. The remaining balance of that advance was finally reported as fully expended in the reporting period ended 4/30/2019. A further review of the financial records indicated that from October 30, 2017 to February 5, 2019 FCCAA had a daily fund balance of \$602,576. FCCAA We reviewed and discussed the FCCAA corrective action plan and steps taken to date to address the condition identified. There are two factors that contributed to the problem that need additional management attention and action to help prevent the problem in the future.

One factor was that FCCAA staff members who approved and processed the advance request were not familiar with the federal and ARC requirements for prompt liquidation, and thus did not have a formal process to closely review and verify that the full amount requested was the minimum necessary and would be expended within the allowed time. It is apparent that staff members are now aware of the requirements, and have indicated they would monitor this area closer. Despite this increased awareness, we believe a written policy needs to be established governing advance requests that include steps necessary to ensure the amount requested is justified and will be expended promptly, at least within the allowed timeframe. The written guidance will serve as an effective internal control, and will help ensure staff involved in future grants and requests understand the requirements and the steps to be taken. FCCAA had a written policy for cash receipts (Fiscal Policy 120) but it did not include guidance on advance funding.

Another factor involved problems with a large equipment procurement for an Aquaponics project that was being managed by RFEC. A significant portion of the advance funding requested from ARC was for that project. The lack of, or ineffective, planning for this procurement, resulted in problems with both expending the advance and implementing the grant. Although the original plan was for an indoor facility and to have all the equipment under contract by December 2017, all the bids to the initial RFP were higher than expected, causing RFEC to redesign the project as an outdoor facility and go out for new bids in February 2018. All of those bids received were also above the estimated cost. Once again the project was redesigned and in December 2018 RFEC planned to solicit new bids. In May 2019, FCCAA reported to ARC that it had decided to eliminate the Aquaponics portion of the project and requested ARC to approve reallocating the approved funds to other activities. We were told it had not been approved at the time of our audit.

2 CFR 200.305 (b) (1) states: For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. See also §200.302 Financial management paragraph (f). Except as noted elsewhere in this part, Federal agencies must require recipients to use only OMB-approved standard government-wide information collection requests to request payment. 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. Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. The non-Federal entity must make timely payment to contractors in accordance with the contract provisions.

Recommendations

FCCAA should:

1. Create a new written policy or revise the existing cash receipts policy to govern the requesting and use of advance funding on ARC and other grants that meet federal requirements and include steps for review and justification, especially on large project expenditures like the Aquaponics, to ensure the minimum that can be justified is requested and that all of the amount can be expended within the period allowed by the granting agency.
2. Revise the procurement policy, coordinating with RFEC as necessary, to establish requirements and guidance for proper planning, particularly for larger more complex projects like the Aquaponics, including establishing a clear definition and understanding of the requirements, and obtaining information or professional advice necessary to develop a reliable internal estimate of the probable costs.
3. Ensure that RFEC staff involved in procurements under the ARC grant and future grants have the necessary training and experience for the type of procurement made.

Grantee's Response

1. "Fayette County Community Action Agency has developed a new fiscal policy, Number 121 Advanced Funds to address the recommendation. Pending approval by the Finance Committee and the Full Board the policy will be implemented August 2019 (enclosed/attached)."
2. "Procurement Policy revised to include Affiliate organization(s) and to reinforce the required information needed for purchases (enclosed/attached)."
3. "All staff involved with the procurement process with ARC or future grants will be advised of the procurement policy and will meet with the Director of Property to ensure they have the necessary training and that proper procedures are being met. Director of Property will ensure the proper procedures have been met prior to purchase."

Auditor's Comments

ARC will determine whether the information provided in the grantee's response is adequate to resolve the finding and close the recommendations.

B. Equipment Management

Title for equipment purchased with ARC funds will vest in the grantee at time of purchase. The grantee is responsible for effective recording, use, tracking, maintenance, and disposal in accordance with standards in 2 CFR 200.313. This includes recording the equipment on the grantee's inventory records in an accurate and timely fashion to support effective control and monitoring. The standards also require that the inventory record contain specified fields of information that will help ensure effective control. In reviewing the management of equipment purchased under the grant with ARC funds, we identified several problems.

Two vans, purchased with ARC funds and worth \$50,000 each, were not on the FCCAA or RFEC inventory records at the time of our audit. They had been purchased almost two years earlier in July 2017. This is not compliant with the requirements to provide effective tracking of these items. Also, it was noted that one of the vans was modified with separately procured equipment and services in order to meet program needs. FCCAA's current policy for recording the cost does not provide for the total value of the improved van to be entered on the inventory record. Rather, the items would be recorded separately and the cost of the van would reflect only the base purchase price. We believe the cost on record for an item like the van should reflect the total value, including all upgrades or modifications, so that the accurate value can be established at time of disposal and determine if ARC or other funding agency is due any refund of residual value.

In addition, in reviewing the written policy and inventory records being used, we determined that two important fields required under the federal standards were not included in FCCAA or RFEC records. A field for *% federal participation* (of cost) and a field for *Condition and Use* and are required and the records being maintained did not include them.

Recommendations

FCCAA, coordinating with RFEC as necessary, should:

1. Include the vans in the property inventory records and revise the inventory records to include all the required fields as described in 2CFR200.313
2. Revise policies and procedures to ensure the purchase price field on the inventory record reflects the total value of the item including all upgrades and modifications.

Grantee's Response

1. "Property Inventory Policy and records have been revised to include the fields for % federal participation (of cost) and a field for Condition and Use and will be implemented upon approval of the Full Board - August 2019 (enclosed/attached). We would like to add that the two vans purchased with ARC funds, worth \$50,000 each were included on the fiscal asset list for the FYE 18 and were also added to the insurance list at the time of purchase. The asset list was reviewed by our auditors during the FYE 18 audit."
2. "Policy Number 180 Property Control has been revised to include guidelines for recording the full value of an asset when any upgrades and/or modifications are

completed (enclosed/attached). The assets were recorded on the asset list with a placed in service date of 07/25/17 and the modification was placed in service on 11/08/17. Both of these assets were contained on the FYE 18 asset list.”

Auditor’s Comments

ARC will determine whether the information provided in the grantee’s response is adequate to resolve the finding and close the recommendations.

C. Project Reporting

ARC provides grantees guidance on the format and contents of required project reports in its Grant Administration Handbook. These reports are required to contain information on recent and upcoming activities, actual results and progress toward achieving project performance goals/measures, problems encountered, and the outlook for project continuation and sustainability after the grant ends. The reports reviewed were consistent with the required format and generally contained a more than adequate amount of content in the form of details, pictures, and attachments. However, there were two important areas in which FCCAA's reporting was not consistent with ARC guidance.

First, the reporting of actual results and progress to date on the established performance measures was incomplete and inconsistent. There should be a clear and concise description of the planned measures or goals, the actual results, and explanations when the progress is not sufficient. Some of the reports submitted by FCCAA contained numbers that appeared to relate to results on the measures, but they were included in the lengthy narrative so that it was difficult to readily determine what the established goals were or what the progress was. One report, for the period ended 8/31/2018, contained a good summary table showing individual measures and results, but it was not included in any of the other reports and there was no supporting narrative on those measures for which progress appeared insufficient. We also noted that the measures in the table did not include a planned output for "businesses served," which was a performance measure cited in the ARC grant documents.

Second, although reports we reviewed had a narrative section for *Outlook for Program Continuation and Sustainability* as required by ARC guidelines, the information provided was not either consistent with ARC guidance, or sufficient to understand what FCCAA's outlook was. ARC guidance states that this section should discuss the grantee's current expectation about whether and how the program will be continued after the grant ends, what funding will be used, what actions or steps are being taken to assist continuation, and other appropriate information. None of the reports included that type of information. In one report, the section had no narrative but simply referenced a series of attachments which were press releases or flyers on various events. Other reports contained some narrative, but it was very general information such as describing meetings to confirm producers they would be buying from for the upcoming season, or plans to purchase a commercial peeler and other equipment. None of that information met the ARC guidelines, and did not adequately describe the expectations for continuation after ARC funding ceases.

During the 2018 annual audit, FCCAA's auditors identified a problem with lack of supporting information to confirm the validity of data being collected to report results on grant goals. Steps were being taken to improve that area. However, in requesting updated information to perform our evaluation of grant goals, we noted that RFEC staff was encountering difficulty in obtaining accurate data on most measures.

Recommendations

FCCAA should:

1. Establish written procedures and guidance for preparing ARC project reports and ensure they are followed so the reports submitted are consistent with ARC guidelines.
2. Revise the chart showing the actual results to include an output for “businesses served” and improve the chart by presenting all “outputs” together in one section, and all “outcomes” together in another section, so the reader can clearly distinguish each.
3. Ensure the project report submitted to ARC for the period ending 8/30/2019 contains (a) the revised chart containing all measures required by and tracked by ARC, (b) updated and validated information for all measures, (c) narrative describing the reason(s) for any measure(s) where progress is insufficient as well as actions being taken to promote full achievement, and (d) narrative on the outlook for project sustainability that describes planned activities, expected funding, and other information to clearly describe expectations for continuing the project after ARC funding ends.

Grantee’s Response

1. “Fayette County Community Action Agency has developed a new fiscal policy, Number 225 Project Reporting to address the recommendation (enclosed/attached).”
2. “Chart will be revised for clarity.”
3. “The materials requested above will be included in the project report for the period ending August 20, 2019.”

Auditor’s Comments

ARC will determine whether the information provided in the grantee’s response is adequate to resolve the finding and close the recommendations.

**Fayette County Community Action Agency, Inc.
108 North Beeson Avenue
Uniontown, PA 15401**

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Website: www.fccaa.org

August 21, 2019

Leon Snead
Leon Snead & Company P.C.
416 Hungerford Drive, Suite 400
Rockville, Maryland 20850

Re: Fayette County Community Action Agency, Inc.
Appalachian Regional Commission Office of Inspector General
Draft Report - Audit of ARC Grant Award Project Number: PW- 18942
August 2019

Dear Mr. Snead:

In response to the draft report for the Audit of ARC Grant No. PW - 18942, Fayette County Community Action Agency, Inc.'s comments follow as well as actions that have been taken and/or proposed revisions of policies and procedures. We appreciate your recommendations for improving our systems and welcome any follow-up comments regarding the attached.

Section A - Advance Funding

Recommendations # 1

Create a new written policy or revise the existing cash receipts policy to govern the requesting and use of advance funding on ARC and other grants that meet federal requirements and include steps for review and justification, especially on large project expenditures like the Aquaponics, to ensure the minimum that can be justified is requested and that all of the amounts can be expended within the period allowed by the granting agency.

Response # 1

Fayette County Community Action Agency has developed a new fiscal policy, Number 121 Advanced Funds to address the recommendation. Pending approval by the Finance Committee and the Full Board the policy will be implemented August 2019 (enclosed/attached).

Recommendation # 2

Revise the procurement policy, coordinating with RFEC as necessary, to establish requirements and guidance for proper planning, particularly for larger more complex projects like the Aquaponics, including establishing a clear definition and understanding of the requirements, and obtaining information or professional advice necessary to develop a reliable internal estimate of the probable costs.

Page 2 – Response Letter

Response # 2

Procurement Policy revised to include Affiliate organization(s) and to reinforce the required information needed for purchases (enclosed/attached).

Recommendation # 3

Ensure RFEC staff involved in procurements under the ARC grant and future grants have the necessary training and experience for the type of procurement made.

Response # 3

All staff involved with the procurement process with ARC or future grants will be advised of the procurement policy and will meet with the Director of Property to ensure they have the necessary training and that proper procedures are being met. Director of Property will ensure the proper procedures have been met prior to purchase.

Section B – Equipment Management

Recommendation # 1

Include the vans in the property inventory records and revise the inventory records to include all the require fields as described in 2CFR200.311

Response # 1

Property Inventory Policy and records have been revised to include the fields for % federal participation (of cost) and a field for Condition and Use and will be implemented upon approval of the Full Board – August 2019 (enclosed/attached).

We would like to add that the two vans purchased with ARC funds, worth \$ 50,000 each were included on the fiscal asset list for the FYE 18 and were also added to the insurance list at the time of purchase. The asset list was reviewed by our auditors during the FYE 18 audit.

Recommendation # 2

Revise policies and procedures to ensure the purchase price filed on the inventory record reflects the total value of the item including all upgrades and modifications.

Response # 2

Policy Number 180 Property Control has been revised to include guidelines for recording the full value of an asset when any upgrades and/or modifications are completed (enclosed/attached).

The assets were recorded on the asset list with a placed in service date of 07/25/17 and the modification was placed in service on 11/08/17. Both of these assets were contained on the FYE 18 asset list.

Section C – Project Reporting

Recommendation # 1

Establish written procedures and guidance for preparing ARC project reports and ensure they are followed so the reports submitted are consistent with ARC guidelines.

Page 3 – Response Letter

Response # 1

Fayette County Community Action Agency has developed a new fiscal policy, Number 225 Project Reporting to address the recommendation (enclosed/attached).

Recommendation # 2

Revise the chart showing the actual results to include an output for “businesses served” and improve the chart by presenting all “outputs” together in one section, and all “outcomes” together in another section, so the reader can clearly distinguish each.

Response # 2

Chart will be revised for clarity.

Recommendation # 3

Ensure the project report submitted to ARC for the period ending 8/30/19 contains (a) the revised chart containing all measures required by and tracked by ARC, (b) updated and validated information for all measures, (c) narrative describing the reason(s) for any measures(s) where progress is insufficient as well as actions being taken to promote full achievement, and (d) narrative on the outlook for project sustainability that described planned activities, expected funding, and other information to clearly describe expectations for continuing the project after ARC funding ends.

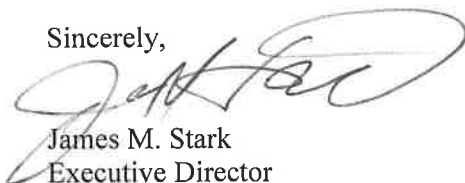
Response # 3

The material requested above will be included in the project report for the period ending August 20, 2019.

We hope with the implementation of several new policies and the revisions of others as well as the addition of reporting requirements we will be in full compliance with the recommended corrective actions and the ARC guidelines.

Thank you.

Sincerely,



James M. Stark
Executive Director

Fayette County Community Action PW - 18942

Section A – Advance Funding

Attachments

Fiscal Policy Number 121 Advanced Funds
Procurement Policy

Number: 121

Subject: Advance Funds

Policy: Advanced Funds received by FCCAA must be properly recorded and expensed within 120 days of receipt

Discussion: FCCAA receives advanced funds through Federal grants. Procedures must be followed to include steps for review and justification to ensure the minimum amount is requested and that the full amount can be expended within the period allowed by the grant agency.

Guidelines

1. Advance payments to a non-Federal entity (FCCAA) must be limited to the minimum amounts needed and be timed to be in accordance with the actual cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project.
2. All Advanced Funds will be processed according to FCCAA Cash Receipt Policy # 120. The Chief Executive Officer or the Director of Finance will approve the processing of any advance request confirming only the minimum amount necessary be requested to ensure that the funding will be expended within the allowed time frames (120 days)
3. Appropriate agency staff involved with the program will submit an itemized detail of the advanced funding required. Information will include proposals and/or bids (3) for any equipment purchases, with a detailed narrative of the purpose and use of equipment, expected date of procurement and/or installation date.
4. Advance funds for category's not considered equipment will require a breakdown by each category, i.e. salary and benefits, contract services, transportation etc. as to the period advance funding is being requested, a description of the positions/vendor, associated cost and when the cost will be expended. Other cost may be advanced for marketing, supplies, and postage utilizing a description of the proposed expenses.
5. All staff, including any affiliate organizations, involved with the program receiving the advanced funds, will be advised of the Federal regulations (CFR 200.302) and will adhere to the requirements necessary to obtain advanced funds and to ensure timely disbursement of funds.

Procurement Policy

Effective Date: August 2007

Revised July 2014

Revision Proposed August 2019

PURPOSE

To establish policies and procedures governing acquisition of materials, supplies and equipment for FCCAA and certain affiliates.

GENERAL

1. FCCAA will authorize project, process managers and others as buyers of goods and services. This policy is designed to conduct business efficiently, comply with government standards, achieve the goals of accountability and perform ethically. This requires buyers to fulfil their role and responsibilities.
2. FCCAA avoids purchasing of unnecessary items. Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement.
3. It is the responsibility of the buyer to ensure compliance with project requirements and agency policies. Procurement transactions, regardless of method or dollar value, will maximize open and free competition in accordance with Uniform Guidance of the Office of Management and Budget.
4. All purchases must comply with FCCAA's Procurement policy.
5. A purchases must comply with the following code of ethics:
 - a. No employee, officer, director, volunteer or agent of the agency shall participate in the selection, award or administration of a purchase if a conflict of interest is real or apparent.
 - b. Conflicts of interests arise when any employee, officer, director, volunteer or agent or the agency has a financial, family or any other beneficial interest in the vendor firm selected or considered
 - c. No employee, officer, director, volunteer or agency of the agency shall do business with, award contracts to, or show favoritism to a member of his/her immediate family, spouse's family or to any company, vendor or concern who either employs or has any relationship to a family member; or award a contract or bid which violates the spirit or intent of Federal, State and local procurement laws and policies establish to maximized free and open competition among qualified vendors.
 - d. No employee, officer, director, volunteer or agency shall neither solicit nor accept gratuities, gifts, consulting fees, trips, favors or anything have a monetary value in excess of \$50 from a vendor, potential vendor, or from the family or employees of a vendor, potential vendor or bidder, or from any party to a sub-agreement or contract.
6. The agency will utilize a Purchase Order (POs) system for FCCAA and affiliates (COI, RFEC). POs are legally binding commitments to a third party authorizing a purchase.
7. Buyer must know the source of funds and be familiar with any additional requirements of the specific contract. Buyer must ensure the source of funds for the purchase is adequate to cover all

costs. The Buyer must be knowledgeable of the agency procurement policy, buyer code of ethics, Sales Tax exemption, Uniform Guidance, Foreign Corrupt Practice Act, Anti-Kickback Clauses and only make purchases for agency-related business. Compliance with record retention is of critical importance.

8. The Buyer must determine that the item to be purchased is needed, is eligible for purchase under the contract or area to be charged, determine and carryout the method of supplier selection, determine the reasonableness of the price, notify and coordinate with the Finance Department, create a PO and secure necessary approvals. Buyer must code all purchase orders to include project number and expense line item to be charged.
9. Additionally it is the Buyer's responsibility to ensure goods and services are received and invoice properly ensuring that the items met contractual requirements. Any disputes will need to be negotiated with the supplier with the assistance of the Finance Department. Necessary documents will need to be submitted to the Finance Department for payment.
10. Micro Purchases include purchases the aggregate dollar value is less than \$10,000 are less formal and may be awarded without soliciting competitive quotes, if the price is reasonable. Quotations may be verbal, written or priced by internet search.
11. Small Purchases include purchases of less than \$250,000, while not requiring a public bid must solicit an adequate number (Three (3) or more) quotes for suppliers. These quotations should be in writing, where possible. Quotations may be secured by phone and document by the Buyer or secured from a price list online or a web search.
12. Large purchases include all purchases in the aggregate totaling in excess of \$250,000. These purchases will require sealed bids or competitive proposals. Bids or proposals will be publically solicited by an advertisement in the legal notices of two papers complemented by notification of potential suppliers in the region. The bid package should include a complete description of the work to be performed including specifications of the final product. Three (3) or more suppliers must be notified of the bid. A firm fix price should be submitted. Bids will be sealed and opened at a specified time and location. The agency will retain the option to reject any and all bids. Final decision will comply with Uniform Guidance standards.
13. Copies of all quotations and bid submission will be submitted to the Finance Department for documentation and copied to the contract file.
14. Solicitations for goods and services should include:
 - a. A clear and accurate description of the technical requirements;
 - b. Requirements which the bidder must fulfill and factors for evaluating bids
 - c. A description of technical requirements to be performed;
 - d. The specific features of "brand name or equal" description that bidders are required to meet;
15. The agency is committed to providing opportunities for small businesses, minority and women owned businesses. Local small, minority and women owned business will be provided opportunities to provide quotations for purchases.
16. For large or small purchases, the agency may consider the financial condition of the company, and its ability to perform or supply the product
17. Approval for the final purchase shall be:
 - a. Buyer will approve purchases of less than \$5,000;

- b. Buyer and Director of Property Management will approve purchases between \$5,000 and \$10,000
- c. Buyer and Director of Operations or CEO will approve purchases of between \$10,000 and \$35,000.
- d. Buyer, Director of Operations and CEO will approve all purchase in excess of \$35,000.

Amount of Order	Buyer	Director of Property Management	Director of Operations	CEO
\$0 - \$ 5,000	X			
\$5,000 - \$ 10,000	X	X		
\$10,000 - \$ 35,000	X		X or	X
More than \$ 35,000	X		X	X

18. All suppliers/vendors that are not incorporated must complete a W9 form before payment is issued.
19. Purchase orders are the preferred method for obtaining goods and services for the Agency. Numbered purchase order forms are issued by the Director of Property Management. The following information is logged in the Purchase Order Log Book: date, vendor, purchase order number, program codes and initials of the person requesting the purchase order. Only a designated Buyer may request the purchase order. POs may be used for micro and small purchases. Large purchases and some small purchases may require a formal contract.

Approved and Signed Purchase Orders are distributed as follows:

- The original copy (vendor copy) and yellow copy are maintained by and/or returned to the project manager to complete the purchase. It should be noted that in some cases a credit card is required to make purchases with some vendors. These must be signed out in the fiscal office and returned promptly after purchase is made.
- The pink copy is forwarded to the Fiscal office. The original content of the purchase order cannot be changed or products added once the pink copy is detached.
- Receipt of merchandise – Once the merchandise is received, the Project/Process Manager or other designated staff person must verify receipt by attaching the signed receiving slip or packing list to the yellow copy of the purchase order; indicating quantity received on the front of purchase order where indicated; initial and date the purchase order approving that payment can be made. The yellow purchase order is then forwarded to the Fiscal office for processing payment. This step must be completed immediately upon receipt of merchandise to avoid paying late fees on invoices.
- If the purchase order is not complete and items are backordered, the project/process manager should make a copy of the purchase order to keep on file until the remaining items are received. Once received, follow the above procedure using the copied purchase order.

- If merchandise is returned or exchanged for any reason, it must be documented on the purchase order and a credit memo/slip from the vendor or other explanation must be attached or clearly indicated on the purchase order.
- Failure to follow the above process may be cause for disciplinary action. Purchases made without following the process becomes the responsibility of the purchases and may be deducted from ones salary.

20. Once the product is received and accounted for as outlined in this policy, the Finance Department to be notified so that payment can be issued.

Fayette County Community Action
PW - 18942

Section B – Equipment Management

Attachment

Policy – Inventory Control

Policy Number 180 Property Control

Subject:

INVENTORY CONTROL

Proposed Revision August 26, 2019

Effective Date: July 2008

Revised August 15, 2008

I. PURPOSE

- (a.) To provide a procedure for developing and maintaining a property inventory control list.
- (b.) To establish procedures for the management and control of property owned by or in the custody of Fayette County Community Action Agency, Inc. or Community Opportunities, Inc. with adequate safeguards to prevent loss, damage, or theft of property.
- (c.) To satisfy the requirements of the State or Federal Government regarding control over property purchased with government funds.

II. SCOPE

All computer related purchases.

All property and equipment with an acquisition cost of \$1,000 or more.

Minor property and equipment with an acquisition cost of less than \$1,000 including, but not limited to desks, chairs, file cabinets, power tools, camera's, TV/VCR, DVD players, baby scales, appliances, furniture, etc.

Some Projects/Funders may have a more restrictive definition of equipment. When this is the case, the project's lower threshold is utilized for inventory control purposes for that project.

All employees have the responsibility for the prudent use, care and safeguarding of FCCAA/COI property. The fact that a piece of property is not recorded on the master inventory record does not alter this responsibility.

III. RESPONSIBILITY

Project Managers are delegated the responsibility of maintaining proper accountability, inventory records and control of the property and equipment, including minor equipment as defined in this policy within their projects/jurisdiction. Fulfillment of these responsibilities on behalf of the Project Manager may be delegated but the ultimate responsibility remains with the Project Manager. Specific responsibilities regarding FCCAA property are:

- Know the location of all equipment in their inventory and assure that such equipment is reasonably secure from possible theft and other hazards. Report any changes in location to Property Management on a "Change in Property Status" form. This is critical for proper stewardship and essential for insurance management purposes.
- Assure that assigned equipment is being used in the best interest of FCCAA or COI.
- Review, verify, and respond to an annual inventory report of the status of departmental inventory provided by Property Management and complete all required actions prompted by the findings of the annual inventory within thirty (30) days of receipt. Those actions include, but are not limited to, identifying any equipment not currently on inventory list, preparing written documentation attesting to the disposition of any property due to loss, transfer, dismantled for parts, disposed, etc.
- Assure that all team members are informed that property acquired for a specific individual's use remains FCCAA-owned property after the individual's position is terminated.

Title to equipment usually vests in FCCAA or COI unless the funding source retains title. Different funding sources have established varying cost levels for determining retention of title for equipment. Project/Process Managers are required to know their programs funding source requirements governing the control and disposition of equipment for their particular projects.

IV. PROCEDURE

As soon as possible after the acquisition of the property the following information shall be recorded on the Agency's Master Inventory:

- Property/Equipment Description
- Serial Number (if applicable)
- Model Number (if applicable)
- Manufacturer
- Purchase Date
- Purchase Price
- Funding Source to include the % federal participation (of cost)
- Vendor
- Location
- Program Tag or Inventory ID# (if applicable)
- Disposition Date
- Condition and Use

Project/Process Managers or designated program representative will physically affix property tags, if applicable, as soon as possible upon receipt of equipment.

Annually at the request of Property Management, Project/Process Managers or their designee shall perform a physical inventory and will submit a status report to the Director of Property Management.

An updated copy of the departmental inventory listing will be available to each Project/Process Manager prior to performing a physical inventory.

The Project/Process Manager or designee will verify that all items have been physically located or proper paperwork has been initiated to correct any discrepancies.

The original inventory list, marked up with any changes necessary to building/room location, along with Change in Property Status Forms must be returned to the Director of Property Management within thirty (30) days.

V. EQUIPMENT SECURITY

Accountability for security to prevent misuse or loss of FCCAA/COI property, and responsibility for the location, custody, and maintenance of such property and communicating changes to Property Management has been delegated to the Project/Process Manager or Director of the area for whom it was procured or to whom it has been assigned regardless of funding source.

- **Monitoring.** All employees are in charge of all property and equipment including minor equipment purchased, used, or in the custody of, or leased within their programs.
- **Securing.** To prevent theft, all equipment valued at \$500 or more should be secured with a locking device or placed in a locked room or cabinet when not in use by an employee. Avoid leaving offices, classrooms or laboratories unlocked when unattended. On a regular basis convey to all staff in your area, the importance of being vigilant in the care of FCCAA/COI property.

VI. REPORTING MOVEMENT OF FCCAA/COI EQUIPMENT

FCCAA/COI property should only be used for official purposes. Generally, no one is permitted to remove from FCCAA/COI premises any property belonging to FCCAA/COI, even though it has been purchased with grant funds or may seem to be of no value, unless it is removed under established guidelines as noted below.

1. **Temporary Removal-** FCCAA/COI property may be temporarily removed from the premises without written permission when it is integral to a person's role for which they have been hired, or aids them in accomplishing their primary or assigned job duties (e.g. teaching/mentoring in the field, performing research off site attending meetings or fundraising events.)

Under some circumstances the temporary removal of equipment may be granted by the Project Manager or Director of Property Management with written permission. Permission should include a description of the equipment, condition, and serial number and property tag, if applicable, and should be recorded using a Change in Property Status Form. The person to which the property is assigned must agree to assume full responsibility for the property during the time it is removed. The person or entity to which property is assigned, may be liable for any loss, damage or destruction, or impairment of function or useful life of the equipment that may result due to negligence or carelessness.

2. **Missing/Stolen Property-** If property is discovered missing, an immediate investigation should be made and results reported in writing(incident report) to the Director of Property Management to determine if there is Insurance coverage for the loss. The Project/Process Manager should complete a Change in Property Status Form to request the property be removed from the Master Inventory List. A copy of the investigation report must be attached to the Change in Property Status Form.
3. **To Transfer Property-** To transfer or relocate property from one project or building to another project within the Agency, the releasing Project Manager should complete a Change in Property Status Form. Both the receiving and releasing Project Manager must keep a copy and forward the original form to the Director of Property Management for approval.
4. **To Dismantle Property-** Before a department may dismantle property for parts, approval of the Project Manager and the Director of Property Management is required using a Change in Property Status Form with a description of where the parts will be used.
5. **Salvage or Surplus Property-** Salvage property items are those that are irreparable or whose present value is less than their cost of repair. Surplus property is useable or repairable at a cost less than the present value of the item, but is no longer needed by the department. After properly indicating whether the property is surplus or salvage, the Project Manager responsible for the property should fill out a Change in Property Status Form and send it the Director of Property Management and should indicate when the property can be picked up.
6. **To Trade or Request Other Changes –** the “other” classification on the Change of Property Status Form may be used to report property traded (reference should be made to the purchase order number on which the trade is indicated) and other unspecified changes in accountability. An example of “other changes” could be returning property to a vendor for replacement. The type of transaction should be indicated and the original should be sent to the Director of Property Management. A copy should be kept in the files of the accountable Project Manager.

VII. REPORTING EQUIPMENT DAMAGE, DESTRUCTION, OR LOSS

The loss of any piece of equipment placed on inventory shall be investigated and reported promptly to the Director of Property Management for Insurance claim purposes. Any damage or destruction of property should be reported promptly to the Project Manager and the Director of Property Management.

After a thorough investigation and search has been conducted and the item has not been found, a Change in Property Status Form shall be completed for each piece of lost/missing equipment.

VIII. REPLACEMENT OF EQUIPMENT

Generally if insurance reimbursement is received, it should be used to replace the stolen or damaged item.

IX. DISPOSAL

Property may not simply be written off as of no value. Any item that is deemed no longer useful should be reported to the Director of Property Management on an Equipment Disposition Request/Approval Form. Upon approval the Director of Property Management will remove the item from the Agencies Master Inventory after the disposition.

Disposition may include any of the following:

- Transfer the item to another project or department within the Agency
- Donate the item to another “not for profit” agency

- Salvage the item for parts
- Sell to highest bidder
- Return the item to a funding agency at close of contract is so specified in the award document
- Return the item to the owner if loaned or leased

A project is relieved of responsibility for the item once Property Management picks it up or signs for it.

Project Managers are responsible for reporting disposal or changes to their funding sources per program guidelines.

FAYETTE COUNTY COMMUNITY ACTION AGENCY, INC. COMMUNITY OPPORTUNITIES, INC

CHANGE IN PROPERTY STATUS FORM

(Detailed instructions regarding use of this form may be found in Inventory Control Procedures for FCCAA/COI)

Tag No: _____ Current Location _____ Date Submitted: _____
Dept./Building/Room No. _____

Item Description: _____

Model/Serial Numbers _____

Change Requested:

_____ **Add New Item** to Inventory (attach copy of Purchase Order)

_____ **Temporary Removal** from FCCAA/COI Premises

_____ **Missing/Stolen Property** (attach copy of investigation report)

Employee Assigned to

Temporary location

_____ **Transfer to another location**

_____ **Transfer to another department/project**

New building/Room No.

New Dept./Building /Room No.

_____ **Dismantled**

_____ **Pick Up for Salvage or Surplus**

How parts are to be used

When property may be picked up

_____ **Trade or Other Change**

PO # referring to Trade or Description of Other Change requested

Signature of Responsible Project Manager

Signature of Receiving Project Manager(if transferred)

Name Printed

Date

Name Printed

Date

Project/ Department

Phone Number

Project/Department

Phone Number

Signatures required for Missing/Stolen Property to be removed from Inventory.

Director of Property Management/Date

CEO or Director of Operations/Date

Send original to Director of Property Management; keep a copy for project/department records.

Number: 180

Subject: Property Control

Policy: To describe the procedures to maintain records and physical control of fixed assets.

Discussion: Fixed Assets are non-expendable personal property that has a useful life greater than one fiscal period and has an acquisition control of Five Thousand Dollars (\$5000) or more.

Guidelines:

1. Property should be acquired by following the policy established for procurement. The expenditure should go against the appropriate funding source and if it belongs to FCCAA then be capitalized as an asset for purpose of physical control. The transaction to establish this would be a debit to an asset account and a credit to Investment in Fixed Assets at the lower of cost or market at the time of acquisition. Property belonging to the funding source after purchase will not be placed on the balance sheet.
2. The full value of an asset includes the acquisition cost and any other improvements and /or modifications made to the asset. If cost is incurred in a different period then the new value would be represented by taking the value of the asset already recorded less any depreciation at the time the improvement is made plus the cost of the improvement/modification to arrive at the new value of the asset. This will ensure that the accurate value can be established at the time of disposal and determined if any refund of residual value is due to the funder.
3. The property list should be maintained and describe the funding source, type, location and identifying numbers if possible, along with the value. A physical count and reconciliation of records to assets should be conducted periodically. The responsibility of verification may be conducted through physical counts by Program Directors and reconciliation to the General Ledger by the Fiscal Department. If property belongs to the funding source, physical count will be reconciled to those records.
4. Property clearly belonging to the Agency may be disposed of by following the disposal guideline within Inventory Control Process. Property belonging to the funding source shall be returned or disposed of in accordance with contract guidelines with proper notification. Property should then be removed from property inventory listings.

Adopted: 3/95
Amended: 1/07
Reviewed: 7/07
Amended: 5/15
Proposed: 8/19

Fayette County Community Action
PW - 18942

Section C – Project Reporting

Attachment

Policy Number 225 Project Reporting

Number: 225

Subject: Project Reporting

Policy: To describe requirement for reporting on projects.

Discussion: FCCAA is a recipient of various funding including federal, state, local government and private funding sources, including donors. Contracts provide various guidelines and requirements for submitting periodic reports detailing the progress achieved. FCCAA strives through its reporting requirement to promote transparency for all contracts, display ethical standards are being met including the proper accounting for contract expenditures, share progress and challenges, and document the achievements in the format required by the funder, detailing performance and progress achieved as required by the contract.

Guidelines:

The project manager or designated employee will be responsible for tracking, documenting, compiling and preparing the report for the specific funder. The Finance Department of FCCAA will account for and report on the financial components of the project through its existing systems.

1. The project manager or designated employee will be responsible for tracking, documenting, compiling and preparing the report for the specific funder. The Finance Department of FCCAA will account for and report on the financial components of the project through its existing systems.
2. Documentation supporting the report must be maintained in accordance to the maintenance of records policy.
3. Funding agencies require reporting at various intervals. The Project Manager, Director of Operations and Director of Finance and other assigned staff will review contracts to identify and monitor the submission schedule to allow enough time for the preparation, review and submission of required reports.
4. The format of each report will be accordance to the requirement and suggested format of the funding source. At minimum the report should detail progress in achieving goals, list results achieved, identify any problems or challenges; detail both favorable and unusual developments and work that was accomplished in the reporting period.
5. Effective reporting requires internal reporting processes including maintaining of documentation supporting the achievements detailed in the report. Processes should also maintain details of delays, problems or other factors limiting the progress or affecting the timeline.
6. From time to time, program changes will need to be made to goals and contract requirements. This will require approval by the funding source. This may apply to both financial and programmatic changes. Before changes are implemented, funder approval is required, unless the contract allows the flexibility to make the change.
7. It is important for reporters to avoid late submissions, lack of detail and inaccurate information. Delinquent and inaccurate reporting may result in termination or suspension of the grant.
8. All program reports must be review and approved by the Director of Development, the Director of Operations, and the Executive Director. Financial Reports must be approved by the Director of Finance and the Executive Director.

9. When a grant is completed, close-out needs to occur. This requires the submission of final performance reporting both financial and programmatic. The funding agency will detail what is required regarding reporting. Records will need to be maintained according to the Agency's Record Retention Policy.

Proposed August 2019