



Fiscal Policies Handbook

2024-2025

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Overview for Fiscal Policies and Procedures

The purpose of the Fiscal Policies and Procedures Manual is to provide high-level accounting and financial reporting procedures for the Regina Coeli Child Development Centers' (RCCDC) annual financial statements. The annual financial statements follow the fiscal year June of 1 through May 31. The RCCDC annual financial statements are prepared on a combined basis and include all funds and accounts of the organization. In addition, procedures used as guidance for employees to follow.

Financial Accounting and Reporting Standards

RCCDC's financial accounting records are maintained in accordance with generally accepted accounting principles (GAAP) and RCCDC follows the cost principles as outlined in Chapter II – Office of Management and Budget Guidance Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The Department of Health and Human Services (which funds Head Start and Early Head Start programs) has adopted OMB's 2 CFR Part 200 and has codified the text with Health and Human Services (HHS) specific amendments in 45 CFR part 75. References to specific subparts of the guidance will be used throughout this manual as an explanation for a process or procedure has been used.

In addition to the accounting standards and principles indicated above, RCCDC follows the principles below:

- Maintain an internal control environment which enhances sound business practices and clearly defines roles, responsibilities, and accountability.
- Comply with applicable laws, regulations and restrictions and documentation standards to provide assurance of such compliance.
- Provide accurate and relevant managerial financial reports.
- Utilize appropriate budgetary controls applicable to fund sources (both federal and non-federal funds) to monitor variances and provide explanation of deviations.
- Provide independent oversight of RCCDC financial activities through both internal and external parties. Such parties include accounting professionals, external auditors, the RCCDC Finance Committee, Policy Council and Board of Directors.
- Require all employees to be responsible for reporting suspected fraudulent or other dishonest acts to their supervisor, Executive Director or Board of Directors.

Debt Service Policy & Procedures

Debt Issuance Approval

- Regina Coeli's governing body will formally approve any external financing (e.g., bonds, notes, leases) or refinancing arrangements, including the selection and use of legal, accounting, and any other professional service providers that are needed.

Debt Reserve Requirements

- Regina Coeli must meet all debt reserve requirements, including establishing sinking fund accounts, reserve accounts, and/or contingency accounts, if required by the debt instrument. If Regina Coeli does not meet its debt reserve requirements, the Executive Director must notify the governing body, in writing. A failure to meet debt reserve requirements would likely require a disclosure under *Continuing Disclosure Requirements* below, based on the terms of the debt instrument.

Debt Service Requirements

- The Regina Coeli must meet all debt service requirements, including principal, interest, premiums, or other payments. If Regina Coeli does not meet its debt service requirements, the Executive Director must notify the governing body, in writing. A failure to meet debt service requirements may require a disclosure under *Continuing Disclosure Requirements* below, based on the terms of the debt instrument.

Continuing Disclosure Requirements:

- For non-municipal securities, such as private placement bond issues (i.e., those sold in a private sale to one or a few investors, such as a bank) and other types of debt instruments, Regina Coeli must comply with all continuing disclosure requirements included in the specific debt instrument (e.g., requirement for annual audit report to be submitted to the bank).
- For municipal securities, defined as any securities issued by a public entity that are subject to continuing disclosure requirements under the Securities and Exchange Commission (SEC) Rule 15c2-12 (together with all corresponding rules, updates, notices, and interpretations of the SEC and the Municipal Securities Rulemaking Board, or MSRB), Regina Coeli must comply with both federal and state law. The requirements of the SEC Rule generally apply to all publicly offered bond issues (i.e. those sold to the public via an underwriter using an official statement), generally excluding issuers who offer municipal securities with an aggregate principal amount of \$1 million or less.
- The continuing disclosure requirements apply to "obligated persons" as defined in the SEC Rule. An obligated person is generally an entity which is responsible for the repayment of the bonds or has pledged its own revenues or assets to the repayment of the bonds. The obligated person may or may not be the issuer of the bonds (e.g. a conduit issuer which issues bonds on behalf of another entity). Therefore, entities other than the bond issuer may be an obligated person subject to continuing disclosure requirements.

Business Conduct

Conflict of Interest Policy

Purpose

The Conflict of Interest policy establishes the procedures applicable to the identification and resolution of conflicts of interest in the context of transactions or arrangements entered into by Regina Coeli where an Interested Person (defined below) may have a Financial Interest (defined below) in or Fiduciary Responsibility (as defined below) towards an individual or entity with which RCCDC is negotiating a transaction or arrangement. The determination that a conflict of interest exists does not prohibit RCCDC from entering into a proposed transaction or arrangement provided that the procedures set forth below are followed. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

Definitions

1. Interested Person

Any member of the Board of Directors, Policy Council, Committee member with board-delegated powers who has either (a) a direct or indirect financial interest, as defined below ("Financial Interest"); or (b) a fiduciary responsibility to another organization, as defined below ("Fiduciary Responsibility"), is an interested person.

2. Financial Interest

A person has a Financial Interest if the person has, directly or indirectly, through business, investment, or family (which are spouse, children and stepchildren, and other relatives living with such person):

- A. an ownership or investment interest in any entity with which RCCDC has a transaction or arrangement (including but not limited to grants); or
- B. a compensation arrangement with RCCDC or with any entity or individual with which RCCDC has a transaction or arrangement (including but not limited to grants);
- C. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which RCCDC is negotiating a transaction or arrangement (including but not limited to grants); or
- D. other than an arm's-length relationship with prospective or actual grantees relative to the design of specific projects, preparation of specific proposals and review and oversight of funded projects, and RCCDC related activities.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. Gifts and favors include any gratuitous service, loan, discount, money or article of value, but does not include loans from financial institutional on customary terms, articles of nominal value ordinarily used for sales promotion, ordinary "business lunches" or reasonable entertainment consistent with local social or business customs.

A Financial Interest is not necessarily a conflict of interest. Under the procedures below, a person who has a Financial Interest may have a conflict of interest only if the board or appropriate committee decides that a conflict of interest exists.

Procedures

1. An interested person may make a factual presentation at the Board or committee meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest. An interested person shall not actively participate in the discussion of, or vote on, the transaction or arrangement that results in the conflict of interest, either formally at a board or committee meeting or informally through contact with individual Board or committee members. In addition, the interested person should not be counted in determining whether a quorum is present for the Board or committee meeting at which the transaction or arrangement that results in the conflict of interest is to be voted upon.
2. The President of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. After exercising due diligence, the Board or committee shall determine whether RCCDC can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
4. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or committee shall determine by a majority vote (or other voting requirement, as provided in the bylaws of RCCDC) of the disinterested directors whether the transaction or arrangement is in RCCDC interest and for its own benefit and whether the transaction is fair and reasonable to RCCDC and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

Violations of the Conflicts of Interest Policy

- If the Board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective actions.

Annual Statements

Each Board of Directors member, Policy Council member, Executive Management, and member of a committee with board-delegated powers, and key personnel annually shall sign an acknowledgement and disclosure form that:

- Affirms that such person has received and reviewed a copy of the conflict-of-interest policy and agreed to comply with its terms.
- Requires that such person disclose any Financial Interest in or Fiduciary Responsibility towards any entity such person believes may enter into a proposed transaction with RCCDC in the upcoming year.

Fraud, Monitoring and Self-Assessment

Fraud and Misconduct

Fraud generally refers to an intentional act committed to secure an unfair or unlawful gain. Misconduct refers to violations of laws, regulations and internal policies. Together they fall into the following categories of risk that can undermine public trust and damage a company's reputation for integrity:

- Fraudulent financial reporting (e.g. overstatement of assets, understatement of liabilities)
- Misappropriation of assets (e.g. embezzlement, payroll fraud, theft)
- Expenses or liabilities avoided by fraudulent or illegal acts (e.g. wage and hour abuses, falsifying compliance data provided to regulators)
- Other misconduct (e.g. conflicts of interest, discrimination, and environmental violations)

Monitoring and Self-Assessment

It is the responsibility of management to constantly monitor the ongoing operations of the organization and to establish the organization's fiscal well-being. Head Start regulations require self-assessment of the program to be completed on an annual basis to determine the organization is complying with Head Start Program Performance Standards and Regulations.

Internal Controls

In accordance with 1304.50(g)(2) of the Head Start Program Performance Standards, the governing body “must ensure that appropriate internal controls are established and implemented to safeguard Federal funds in accordance with 45 CFR 1301.13.” By developing and implementing these financial policies, the RCCDC Board of Directors is fulfilling this responsibility.

These Financial Policies and Procedures shall be reviewed and approved by:

- the Regina Coeli Board of Directors
- the Regina Coeli Policy Council
- the program’s Independent Auditor

Proposed changes to these Fiscal Policies shall be submitted to the Finance Committee. The Finance Committee may submit the proposed changes to the Regina Coeli Board and Policy Council, who have the sole authority, jointly to approve any revisions before the changes are implemented. Changes in law, HHS regulations, or updating and improvement of these policies for the benefit of the agency shall be considered appropriate reasons for revision.

Effective control and accountability, also known as internal controls, shall be maintained at all levels of the Regina Coeli Child Development Center (RCCDC) program operations. The purposes of internal controls are to:

- ensure the safeguarding of all assets owned by the RCCDC corporation,
- examine and monitor the accuracy and reliability of RCCDC accounting data,
- promote operational efficiency of RCCDC programs, and
- encourage adherence to prescribed RCCDC program policies.

Internal Control Defined - Internal control is a system of checks and balances. which provides reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of program operations
- Reliability of financial reporting for all revenues and expenses
- Compliance with applicable laws and regulations for Head Start and Early Head Start programs.

The Director of Business Operations is responsible for setting the “tone at the top” of the RCCDC control environment and ensuring adequate controls are included in the daily operations of the organization. In addition, providing guidance to ensure all expenses are reasonable, allocable, and allowable.

The Director of Business Operations’ role in Internal Controls:

- Promote an ethical business environment by providing structure, feedback and direction.
- Assess risks specific to the operations and develop a control system to prevent achieving established goals.
- Establish and maintain control procedures such as reconciliations, approvals, and review of operating activities.
- Monitor control system and procedures to identify and correct errors in a timely manner.

- Work with the outside auditors and Finance committee to ensure the controls in place are adequate.

Types of Control Activities adopted by RCCDC:

- Approvals/Authorizations:
 - Written Fiscal Policies and Procedures – periodically reviewed, revised, and approved by the Board.
 - Written Personnel Policies and Procedures - indicate adverse actions to be taken with employees who fail to follow the RCCDC approved policies and procedures.
 - Limits to authority - Fiscal Policies and Procedures state that no one employee can expend funds or procure goods or services without appropriate approval indicating that the purchase is allowable, reasonable, and allocable.
 - Supporting documentation – Budget owners review supporting documentation such as Purchase Orders/Requisitions, question unusual items, and make sure that necessary information is present to justify the transactions before they sign them.
 - No Blank Forms or Checks Signed – Blank or open-ended purchase orders are not signed; blank checks are never signed.
- Reconciliations
 - Bank statements - reconciled monthly and any differences between bank balances and RCCDC general ledger balances are resolved.
 - Payments for goods or services – not made until it is determined that goods or services have been received by the programs.
 - Differences between monthly statements for payments due are reconciled to invoices received during the month.
 - Vacation and personal leave time requested/used are compared to balances per payroll records.
 - Salaries and hourly rates of pay are compared to pay plans and budgets.
- Review of operating performance
 - Budgeted costs are compared monthly to actual expenses in a detailed financial report to the Board, Policy Council, and staff.
 - Projections of costs to complete a budget year and comparisons to prior year expenses used to revise budgets and project costs annually.
 - Performance indicators – reports on program activities such as enrollment reports, reports on services to children and families, PIR reports at end of year, audit reports
 - Performance evaluations of staff and recommendations for annual rehiring
 - Follow-up on unexpected results or unusual activities
- Security of assets
 - Checks and purchase orders are sequentially numbered and locked in a secure place with limited access to the key.
 - Assets are tagged with identification numbers and listed on perpetual records.
 - Physical inventories of assets are taken every year and missing assets should be

accounted for by center managers. If missing assets are not accounted for, written documentation is required of the purchasing manager for the reasons why.

- Computer systems are controlled and protected by passwords.
- No petty cash is kept on the premises of any Center or the Grantee offices.
- All checks received are stamped “for deposit only” and logged into computer receipts journal before being deposited.

- Segregation of duties
 - Fiscal duties are separated among four business operations assistants, Business Operations Manager, Business Operations Supervisor and the Director of Business Operations.
 - No one person initiates, approves, records, and reconciles accounts or purchases – for example, the person who requisitions goods or services is separate from the one who approves them.
 - No one person initiates, approves, and reviews new employee records– for example the person in charge of hiring does not create the paperwork, approve the position or salary, and does not create the employee in the payroll system. Someone else then reviews the new employee file as well as any employee changes.
 - No one person is responsible for all receipts from the time they are received until they are deposited.
 - No one person reviews transactions or reports on finances.
 - There are always two or more “sets of eyes” on all transactions.

Purpose of monthly reconciliations and reviews

Monthly reviews of reconciliations and concurrent reviews of the detailed transactions posted to the funds are some of the most important internal accounting control procedures that can be performed. They accomplish two primary objectives. First, these reviews are one of the key processes in the system of checks and balances needed to prevent fraud, theft, or inappropriate use of funds. Second, these monthly reviews can also be used to assess the effectiveness and efficiency of the organization's business practices.

Budgeting

Preparing the Budget

The Director of Business Operations is responsible for preparing an annual budget and budget narrative annually to meet Head Start funding application deadlines. The Director of Business Operations should work closely with fiscal operations staff to provide realistic budget targets. Total proposed expenditures (including other financing uses) must not exceed the sum of the total Notice of Award.

Adopting the Budget

The annual budget along with any funding applications will be approved by the Policy Council and Board of Directors as required by Head Start Performance Standards.

Monitoring the Budget

The Director of Business Operations is responsible for monitoring the budget on a monthly basis. The Director of Business Operations and Business Operations Supervisor will prepare monthly reports for the Policy Council and Board of Directors review.

Budget Revisions

When it becomes apparent that a specific department budget needs are exceeding approved budget amounts, the staff member assigned to approve expenditures in the exceeded budget category will meet with the Director of Business Operations to present needed budget revisions. The Executive Director and Director of Business Operations will review the entire budget and determine if and how other budget categories may be reduced to meet the increased department budget needs. Recommendations for revisions to budgets shall be presented to the Finance Committee. After discussion and approval by the Finance Committee, the budget revisions shall be submitted by the Director of Business Operations to the full Board and Policy Council for approval.

Major revisions to budgets which require approval of the Federal funding agency, including the purchase of facilities and equipment or the renovation of a facility, shall be made after written approval of such requests from the Federal agency by the Executive Director.

Accounting Systems and Procedures

The financial statements are prepared using Abila MIP Fund Accounting software, with the data being stored on a secure server that houses only the accounting data. Only the accounting staff have access to this server (with the exception of the Executive Director). The payroll is processed through a third party, Netchex. Child information and In-Kind information are processed in the GoEngage software (which is on a subscription basis with the Cleverex company, and all data is stored offsite on secure servers). All accounting paper records are kept in the accounting area, with the most sensitive data being locked in secured file cabinets.

Chart of Accounts

RCCDC uses a double entry accounting system organized and operated on a “fund basis.” Each “fund” has a separate set of self-balancing accounts, which comprise the fund’s assets, liabilities, equity, revenues and expenditures or expenses, as appropriate. Since RCCDC is a single purpose non-federal entity, our resources are allocated between the Head Start and Early Head Start programs. Within the Head Start and Early Head Start funds, there are sub funds that are accounted for separately as far as revenues and expenses (an example of this is accounting for In-Kind donations and small grants that require a separate accounting of these funds as required by the grantor). The other major fund that is accounted for by RCCDC is the Child and Adult Care Food Program (CACFP) food program.

RCCDC Account Code Sequence

Fund	Funding Source	G/L Acct	Department	Function	Restricted
XX	XXX	XXXX	XX	XXX	XX

Fund:

There are two funds used by RCCDC:

- 01 – Operating Fund
- 02 – Plant Fund

Funding Source:

Major funding sources are:

- 101 – Head Start
- 102 – Early Head Start
- 103 – CACFP Food Program

G/L Account:

The number system for the G/L accounts are as follows:

- 1000 – 1999 Assets
- 2000 – 2999 Liabilities
- 3000 – 3999 Net Assets (Fund Balance)
- 4000 – 4999 Revenues
- 5000 – 5999 Expenses

Department:

For RCCDC's purpose, the departments are numbers assigned to each cost center:

Department Number	Name	Department Number	Name
01	Covington HS	17	Robert HS
02	Pearl River HS	18	St. Helena EHS
03	Franklinton HS	19	Franklinton EHS
04	Bogalusa HS	21	Shirley Cross HS
05	St. Helena HS	22	Springfield EHS
06	Hammond HS	28	O.W. Dillon HS
07	North Tangi HS	29	Shirley Cross EHS
08	Livingston HS	31	Slidell EHS
09	Central Tangi HS	32	Robert EHS
10	Lacombe/Mand HS	33	Bogalusa EHS
11	Grantee (Admin)	34	Ray Smith EHS
12	Springfield HS	35	North Tangi EHS
13	Covington EHS	37	Hammond EHS
14	SLU HS	38	Central Tangi EHS
16	SLU EHS	99	Substitutes

Function

Function means the purpose for which an object is used or for which a person acts. Functions may generally be grouped as Direct or Indirect Services. Direct services are those activities where staff interact directly with the children (and parents). Indirect services are those which provide administrative, technical, and logistical support for the direct services. Function codes are used for the HS and EHS programs which require specific cost information to determine approval under the Head Start grant. Common function codes used by RCCDC are:

Function Code	Description	Function Code	Description
100	Admin & Development	450	Behavior Health
200	Education	500	Transportation
250	Health	550	Occupancy
300	Nutrition	600	Training & Technical Assistance
350	Social Services	800	Fringe Benefits
400	Parent Involvement		

Restricted/Unrestricted

This code is used when funds that are donated to the organization are either for general use or earmarked for a specific purpose. The values used for this code are:

- 10 – Unrestricted
- 20 – Temporarily Restricted
- 30 – Permanently Restricted

Revenue and Cash

Revenue Recognition

Matching Revenues to Grant or Fiscal Periods

The accounting procedures shall ensure all grant awards are charged for allowable costs resulting from obligations incurred only during the period specified by each grant award. Each month of the fiscal year, revenues will be recorded equal to the expenses incurred during the month. The RCCDC corporate fiscal year is June 1 through May 31. For audit purposes, all outstanding revenues and expense obligations shall be accrued at May 31 for the end of the corporate fiscal year. Revenues and expenses for other grant years may be accrued at the end of the grant period for financial reporting purposes.

Revenue Received through the Payment Management System (PMS)

Requests for “drawdowns” of Federal Head Start grant funds through the electronic transfer system known as Payment Management System (PMS) shall be made by the Director of Business Operations or Executive Director who shall be the only employees with access to the confidential password.

Interest Earned on Accounts

RCCDC shall deposit federal funds into an interest-bearing checking account. Interest earned on the account shall be booked into the general ledger monthly. In accordance with §75.305(9), RCCDC is allowed to keep \$500 of interest per fiscal year for administrative expense. Interest earned beyond \$500 must be remitted annually to the Department of Health and Human Services through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service Payment.

Cash Receipts Received via Mail or in Person

All incoming mail shall be received and opened by the Executive Operations Assistant, or in her/his absence the Executive Director's designee. The Executive Operations Assistant or designee will:

- post all incoming revenues including cash and checks to the computerized receipts journal(log)
- restrictively endorses all checks for deposit and copy the check.
- submit all endorsed recorded checks and any other revenue to the Director of Business Operations or their designee for recordation into the accounting system.

The Executive Operations Assistant or her/his designee shall prepare deposit slips for all revenues indicating date and source of revenue. Documentation for all receipts will be attached to a duplicate deposit slip and filed systematically. Copy of deposits shall be forwarded to accounting for processing. Appropriately prepared deposits shall be submitted to the Executive Director or Executive Management Director for deposit. All revenue shall be deposited no later than the next banking day. Receipts for all deposits shall be returned to the Director of Business Operations or their designee, and deposits, from the receipts, shall then be entered into the computerized general ledger by someone in the accounting department. No cash shall be left in any RCCDC operated facility overnight. Night deposit bags may be purchased if needed.

Petty Cash

No petty cash funds shall be maintained at any RCCDC operated facility/program.

Under no circumstances shall a Head Start center account be opened in the name of Regina Coeli Child Development Center or the name of the Head Start program. The RCCDC employer identification number shall not be used by any local program without the express permission of the Executive Director.

Non-Federal or Aftercare Cash

Non-Federal cash can be received at the Center either through fund raising activities or through general donations. Cash contributions to programs such as those from community organizations or funds generated from approved fund-raising activities shall be deposited into the RCCDC Non-Federal cash bank account by the Center Manager or Center Manager Assistant. All locally generated Non-Federal revenue shall be deposited no later than the next banking day in the designated bank account. Email notification of deposit shall be sent to the Director of Business Operations and a designee.

Funds received at any center for providing aftercare services should follow the same procedures as receiving non-Federal cash, with the exception that the aftercare funds are deposited into the Federal bank account. All aftercare has been suspended since March of 2020.

Expenditures & Disbursements

Procurement and Purchasing

The purpose of this policy and these procedures is to ensure that expendable property, supplies, equipment, real property, and services purchased are obtained in an effective manner and in compliance with the provisions of applicable statutes and executive orders. Regina Coeli Child Development Center, acting as a private, non-profit corporation and all of the programs under its auspices shall adhere to these procedures and guidelines in obtaining all expendable property, supplies, equipment, real property, and services charged to and for the benefit of RCCDC.

Procurement Methods

Per §75.329 RCCDC must use one of the following methods of procurement:

- (a) Micro-Purchases – the acquisition of supplies or services using simplified acquisition procedures, the aggregate of which does not exceed the micro purchase threshold (\$10,000 as set by the Federal Acquisition Regulation at 48 CFR 2.1 and as adjusted periodically for inflation. For acquisitions of construction subject to Davis-Bacon Act, \$2,000; for acquisition of services subject to the Service Contract Act, \$2,500). Micro-purchases must be distributed equitably among qualified suppliers and may be awarded without soliciting competitive quotation if the price received is reasonable.
- (b) Small Purchases – these are relatively simple and informal procurement methods for securing services, supplies or other property that do not cost more than the Simplified Acquisition Threshold. The Simplified Acquisition Threshold is set by the Federal Acquisition Regulation at 48 CFR 2.1 and is for purchases less than \$150,000. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.
- (c) Sealed Bid (formal advertising) – Bids are publicly solicited, and a firm fixed price contract (lump sum or unit price) is awarded to a responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids is the lowest price. These types of purchases are usually for building renovations, building construction and for food purchases for the school year.
- (d) Competitive Proposals – Requests for proposals are publicized and identify all evaluation factors and their relative importance. They must be solicited from an adequate number of qualified sources. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the organization, with price and other factors considered.
- (e) Noncompetitive Proposals – Procurement through solicitation of only one source may be used when one or more of the following circumstances apply: 1) item is available from a single source; 2) Public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation; 3) The HHS awarding agency expressly authorizes noncompetitive bids in response to a written request from the organization; and 4) After solicitation of a number of sources competition is determined inadequate.

Vendor Additions and Changes

Any vendor additions and changes will be completed in writing. No changes will be accepted via telephone.

1. All new vendor information will be reviewed by the Director of Business Operations or Executive Director. Upon approval, vendor will submit W-9 to the Business Operations Supervisor to be entered into MIP/Abila database.
2. Any changes to vendor information will be submitted to the Business Operations Supervisor in writing. The Business Operations Supervisor will verify information via a phone call. Once information is verified, the Business Operations Supervisor will submit it to the Business Operations Assistant.

Use of Small or Minority Owned Businesses §75.330

RCCDC will take all necessary affirmative steps to utilize small businesses, minority-owned firms, women's business enterprises, and local contractors or vendors within the communities served by the organization. Affirmative steps must include:

- (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists.
- (2) Assuring that small and minority businesses and women's business enterprises are solicited whenever they are potential sources.
- (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business entities.
- (4) Establishing delivery schedules where the requirement permits, which encourage participation by small and minority businesses, and women's business entities.
- (5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce
- (6) Require prime contractors, if subcontracts are to be let, to take affirmative steps listed above.

Contract Cost/Price Analysis §75.332

When a purchase exceeds the Simplified Acquisition Threshold, including contract modifications, RCCDC is required to perform a cost/price analysis starting with internal estimates based on previous experience or current market trends. If there is no price competition (not enough qualified bidders), RCCDC is required to negotiate profit as a separate element of the price.

Disposition of Equipment and Real Property

Equipment - When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a HHS awarding agency, except as otherwise provided in Federal statutes, regulations, or HHS awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the HHS awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with HHS awarding agency disposition instructions:

(1) Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the HHS awarding agency.

(2) *For any equipment with a per-unit fair-market value in excess of \$5,000, a SF-429-C must be submitted and approved prior to sale of equipment.* Except as provided in [§ 75.319\(b\)](#), or if the HHS awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by the non-Federal entity or sold.

Property - *SF-429-C must be submitted and approved prior to any action taken on the sale of a property.* When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a HHS awarding agency, except as otherwise provided in Federal statutes, regulations, or HHS awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the HHS awarding agency.

Contracts

Types of Services Requiring Written Contracts

- Formal written contracts should be prepared for facility leases, construction and professional services.
- Prior to entering into a contract or renewing a contract, management should perform a needs assessment that includes: (1) identifying the Organization's goals and objectives; (2) exploring possible alternatives to contracting to meet the identified goals and objectives; and (3) comparing costs and benefits associated with alternatives to contracting against the costs and benefits of contracting (management should consider whether contracting is the most cost-effective way of obtaining necessary goods and services). The needs assessment should be documented in writing and maintained in the file with the contract document.
- Management should assess whether contracts may be amended by change orders. If change orders are within the scope of the contract (i.e. allowed under the original contract), the change orders should be documented in writing and maintained in the contract file.

Standard Terms and Conditions

Contract terms and conditions should be clearly stated and in the best interests of the Organization, and include the following:

- Specific goods/services to be performed and costs.
- Timing of service delivery.
- Period covered by the contract.
- Clearly defined performance standards and measurable outcomes.
- How vendor performance will be evaluated/monitored.
- If and how the contract may be amended (change orders) within the scope of the contract or terminated; and
- Consequences for failure to meet contract requirements.

Legal Review:

Prior to execution, Regina Coeli's legal advisor should review all contracts compliance with applicable laws and Regina Coeli's policies. Evidence of legal review should be documented and maintained in the contract file.

Approval Process:

Contract documents will be reviewed, signed and dated by the Executive Director and other appropriate parties, including the governing board chair if required by policy or law and maintained in the contract file. Any amendments to the contract should be allowable under the original contract terms and should also be in writing and signed by all applicable parties.

Monitoring Process:

- The Director of Business Operations will be responsible for maintaining a centralized oversight of contracts, including maintaining a master list of all active contracts that includes the following for each contract:
 - Vendor's name and contact information.
 - Starting date of the contract.
 - Ending date of the contract.
 - Type of services to be received.
 - Cost of the services; and
 - Employee responsible for monitoring the contract terms and conditions.

- For each contract (including change orders), the budget owner of the function serve as contract manager. The contract manager is accountable for (1) tracking budgets, (2) comparing invoices and charges to contract terms, (3) verifying and accepting/rejecting deliverables, (4) withholding vendor payment until deliverables are met, (5) approving invoices, (6) maintaining all documentation supporting payments to the vendor, and (7) closing out the contract. The contract manager will communicate the status of each contract for management monthly.
- The Executive Director is responsible for periodically reviewing contract documentation maintained by the contract manager to ensure that the contract manager is following related policies and procedures for the Organization.
- Payments to vendors should only be made by the Accounts Payable department after verifying with the contract manager that the related goods or services have been received or performed in accordance with the terms of the contract.
- Once a contract has been closed, management will perform a post-contract evaluation to assess compliance with laws and the Organization's policies. Any deficiencies should be addressed to the contract manager.

Charging Costs to Federal Awards

Allowability of Costs

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable:

- (a) Be necessary and reasonable for the performance of the grant and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in the Head Start Program Standards or 2 CFR 200 Uniform Guidance as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally and non-federally funded activities.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the grant as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP)
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally funded program in either current or prior period.
- (g) Be adequately documented.

Reasonable Costs

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

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization
- (b) Were sound business practices used, were the items purchased in an arms-length transaction and were there any laws or regulations that might impede the purchase
- (c) Market prices for comparable goods or services
- (d) Did individuals act with prudence in their choice for the goods or services
- (e) Were there any significant deviations from established practices.

Allocable Costs

Cost must be allocable to a program by meeting one of the following criteria: the cost is incurred specifically for the program to which it is charged 100%, the cost benefits multiple programs and can be distributed in reasonable proportion to the benefits received, or the cost is necessary to the overall operation of the organization and, therefore, charged to all programs using allocation cost principles which fit the type of expense incurred.

Allocation of Costs

When two or more funding sources or program functions are sharing the same RCCDC resource, i.e. staff, space, utilities, supplies, etc., the costs will be analyzed, and a determination will be made as to how the different funding sources will share the cost of the particular shared resource. The two common types of cost allocation that are used are enrollment and square footage. Items such as general liability insurance and student accident insurance are allocated to each Center by the number of students enrolled at that Center. Items as they relate to occupancy will be allocated based on the amount of square footage occupied by a particular program at each Center (Head Start/Early Head Start and CACFP).

Administrative Cost Allocation

As applicable, Head Start expenses shall be allocated between program and administrative functions as described in 45 CFR 1301.32. Administrative costs shall not exceed 15% of the grant. Administrative costs are classified as those costs related to the overall management of the program. These costs can be in both the personnel and non-personnel categories.

Allocation of CACFP Related Costs

All reasonable, allowable and allocable costs that are incurred by the CACFP program that exceed the amount the organization is reimbursed, will be charged to the Head Start/Early Head Start program per Performance Standard 1304.23(b)(1)(i).

Indirect Costs

Operating as a single purpose agency solely for the purpose of providing Head Start and Early Head Start programs in the identified target area, Regina Coeli Child Development Center has no indirect costs. All costs of administering RCCDC programs can be readily identifiable with the final cost objective of providing quality services to Head Start and Early Head Start children and families.

Purchasing Process

Most purchases within RCCDC will begin with a requisition or some form of approval for the purchase of a good or service. At a minimum the requisition will contain the following information:

1. Name of person making the requisition
2. The Center or Department for which the goods or services are being purchased.
3. Name of vendor providing the good or service
4. Funding Source (Head Start/Early Head Start, Federal or Non-Federal)
5. A budget category
6. Description of item being purchased.
7. Quantity being purchased.
8. Price of items being purchased.
9. Signatures of person making the request, supervisor, and budget owner

The requisition will be approved by the person requesting the items and their supervisor. The requisitions will be reviewed for what is being purchased and does it meet all the requirements of a cost that can be charged to the program. Once the requisition is approved, it is then forwarded to the Purchasing Agent and a copy sent to the requesting party. The Purchasing Agent will then create a purchase order for the items containing the same information as the requisition, with copies being sent to the vendor (if required by the vendor) and the Center that made the request.

Requisition/Purchase Orders do not need to be issued for the following:

- Services for which there is an annual contract such as pest control, burglar/fire alarm monitoring, garbage collection, lawn maintenance, etc.
- Milk or other food items for which a contract/bid is on file.
- Monthly bills for public services such as electricity, water, sewer, gas, and telephone service (telephone service does not include new phones, equipment, repairs, or additional lines which require approved PO's)
- Rents, mortgage payments on facilities, or equipment rented or leased for which there are written agreements.
- Contractual agreements with providers such as auditors, accounting firms, consultants, architects, etc.
- Reimbursement for local travel which is approved by the employee's supervisor and submitted on a *Travel Reimbursement Form*
- Tuition Reimbursement which is approved by the employee's supervisor and the HR Director submitted on a *Request to Reimburse Tuition Form*
- Registration fees, CDA fees, per diems and other costs which are approved by the Training Manager and submitted on a *Request to Fund Coursework/Training Form* and authorized by means of that form.
- Gasoline and other costs charged to the company fuel card for buses and vans owned or leased by RCCDC.
- Monthly insurance invoices for Health, Dental and other applicable insurance invoices

Budget Owners

Budget Owners are responsible for approving and/or denying purchasing requests within their budget area and assigned centers. Budget owner approval must be obtained prior to making any purchase.

At the beginning of each program year, the Director of Business Operations will provide a list of all assigned budget areas and corresponding budget owners.

Authorization for Payment

The *Accounts Payable/Receiving Report Transmittal Control Form* shall be submitted weekly, on Friday, or the last working day of the week, by each center to the Business Operations Assistant for processing payments. All of the packing lists, bills for services, or invoices properly received for that week should be attached.

All packing lists, bills for services, and invoices received by RCCDC staff shall be submitted directly to the Business Operations Assistant, immediately upon receipt. Monthly statements from vendors will be reviewed against paid invoices to determine accuracy. Bills shall not be paid from statements alone without supporting invoices. Statements shall merely be used for verification purposes.

Invoices shall be verified for terms, prices, and accuracy by the Business Operations Assistant, and dates received shall be clearly stamped on invoices. If any of the items surrounding a particular transaction do not match, or if invoices or PO's are missing, the Business Operations Assistant shall:

- contact the Purchasing Agent if there is an error in the PO, or
- contact the vendor if the error appears to be on the vendor's part.

All errors or discrepancies in the process shall be reconciled and verified by the Business Operations Assistant before entry into the accounts payable program. The Purchasing Agent will assign costs to the appropriate budget category and funding source at the generation of the PO. The entries shall also include the date that payment is due. Entering transactions for payments shall be an ongoing process as transmittals and invoices are received.

Vendor Credit Card Purchases

Every effort shall be made to create charge accounts with local vendors in each community served. In communities where the local vendor does not allow “house” charge accounts, vendor credit card accounts may be established by the Director of Business Operations. Vendor credit cards may then be used by designated center staff as outlined in the section on Internal Controls. Vendor credit cards shall only be used to purchase items necessary for proper and safe operation of RCCDC centers. Examples include food, supplies, parent activity materials, and repairs and maintenance materials. Any vendor credit card transaction exceeding \$500 must have prior approval from the Director of Business Operations. All charges to vendor credit cards shall follow the procurement policies indicated herein and shall be reconciled prior to payment of the charges. Any employee losing a vendor credit card shall report the loss immediately to the Director of Business Operations who shall notify the issuer.

RCCDC Corporate Credit Card

The RCCDC Corporate Credit Card may be used by designated staff members to purchase approved supplies, equipment, or services necessary for efficient operation of a center. All Corporate Credit charges must be approved by the budget owner prior to the purchase being made.

Any Corporate Credit Card transaction exceeding \$5,000 must have prior approval from the Director of Business Operations. All invoices, receipts, and RPO’s shall have a clear indication of the credit card purchase and shall be submitted to the Director of Business Operations. The assigned staff member shall reconcile all corporate credit card expenditures and the accompanying PO's approving the expenditures before submitting them to the Business Operations Assistant for processing payment. A list of credit card charges of the Executive Director and Business Operations Supervisor is prepared by the Business Operations Assistant and provided to the Finance Committee, Board and Policy Council for review at monthly meetings.

Miscellaneous Reimbursements

Miscellaneous reimbursements may be made to employees who encounter miscellaneous expenses when traveling on company business such as tolls, parking fees, or for immaterial amounts for supplies, training, or services. Miscellaneous reimbursements shall be reported on the *Miscellaneous Reimbursement Form* and shall not exceed \$50.00 total/aggregate. Miscellaneous reimbursements shall be supported with a receipt or invoice verifying all amounts claimed.

Cash Management/Bank Reconciliations

Scheduling of Draw Downs of Federal Cash

Drawdowns of federal cash shall be limited to the minimum amount needed to cover authorized disbursements. The Business Operations Assistant shall provide a disbursements total to the Director of Business Operations on the same day checks are presented for signature. The Business Operations Assistant will provide a payroll register to the Director of Business Operations on the day payroll is transmitted to the payroll contractor. The Director of Business Operations will review operating and/or payroll cash balances and determine if additional funds are required. At the time federal cash is required, the Director of Business Operations, or in her absence the Executive Director, shall place a request through the Payment Management System (PMS) and document calculation.

Controlling Draw Downs of Federal Cash

Drawdowns of Federal Cash shall be initiated by the Director of Business Operations or, in their absence the Executive Director, via the PMS. Only the Director of Business Operations and Executive Director shall have access to the PMS password. Drawdowns per the RCCDC general ledger will be reconciled to the Federal Cash Transaction Report, Form PSC 425 on a quarterly basis. Cash balances as of the 425 report date must agree to cash balances per the RCCDC general ledger.

Minimizing Transfer and Disbursement of Funds

PMS requests shall be made within an appropriate amount of time to allow for credit of the request to be posted to the bank account. Payroll funds shall be transferred from the operating account to the payroll account within at least two business days prior to pay date.

Inter-fund Transfers or Loans

Inter-fund transfers or loans shall not be made. In accordance with IM-95-27 dated July 15, 1993 Head Start funds may be used for services which are allowable under the Head Start Act and applicable cost principles, and which are reimbursed by other Federal or nonfederal sources. However, Head Start funds should be the "payer of last resort" when another funding source has primary responsibility for providing a service.

Reconciliation of Bank Statements

All current RCCDC bank balances will be maintained in the computerized general ledger by the Director of Business Operations who will perform periodic reviews of bank balances to avoid excess cash balances as well as overdrafts. The monthly bank statements will be downloaded by the Director of Business Operations for reconciliation. The balance on the bank statement shall be reconciled to that of the computerized general ledger. The Director of Business Operations will review all cleared items for appropriateness.

The Director of Business Operations shall correct or resolve any differences noted by the reconciliation. They shall research and take appropriate action on any checks which are outstanding longer than ninety (90) days. All reconciled bank statements and accompanying canceled checks shall be maintained in monthly sequential order.

Non-Federal Share

Purpose of Non-Federal Share

The terms and conditions of the Regina Coeli Child Development Center grant from the Department of Health and Human Services to provide Head Start and Early Head Start services require the total cost of providing these services be shared in an 80% to 20% ratio with 80% of the total costs being provided by the granting agency, DHHS, and 20% of the costs being provided by the grantee, Regina Coeli Child Development Center. The 20% match is defined as the Non-Federal Share. Regina Coeli Child Development Center has established guidelines to insure consistent recording and documentation of Non-Federal share.

Definition of Terms

- **Non-Federal Share** is defined as the combination of Non-Federal cash contributions expensed for program purposes and the in-kind contributions which are used for the benefit of the Head Start or Early Head Start programs operated by RCCDC.
- **In-Kind Contributions** are defined as the value of non-cash contributions provided by Non-Federal third parties. In-kind contributions may be provided through volunteer services, donated supplies or materials, donated travel, donated consultant services, donated space, or any other donation providing a benefit to a Head Start or Early Head Start Program. In-kind contributions must directly benefit and be used by the Head Start or Early Head Start program and must be contributed by Non-Federal third parties without charge to the program. In other words, in-kind contributions are goods and services which benefit the Head Start and Early Head Start program and for which the program does not have to expend funds. But which meet the principles of allowable, allocable, and reasonable.

Qualifications and Exceptions

To qualify as Non-Federal Share, cash contributions and in-kind contributions must be applicable to the fiscal period in which the matching requirement applies.

§75.306(b) For all Federal awards, any shared costs or matching funds and all contributions, including cash and third-party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all the following criteria:

1. Are verifiable from the non-Federal entity's records.
2. Are not included as contributions for any other Federal award.
3. Are necessary and reasonable for accomplishment of program objectives.
4. Are allowable under Subpart E – Cost Principles (§75.400 - §75.476)
5. Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs.
6. Are provided for in the approved budget when required by the HHS awarding agency; and
7. Conform to other provisions of this part, as applicable.

Valuation of Goods, Supplies, and Materials

Donations of goods, supplies, materials, etc. must not exceed the fair market value at the time of donation. If an item is new, the current market value as evidenced by a sales receipt, a catalog price, or other clear verification of the cost or basis used to determine the value of the donated item.

Valuation of Volunteer Time and Services

Donated volunteer time and professional services shall be valued at rates similar to those performed by program staff. Rates for other services shall be valued at those paid to comparable positions in the target area, if there are no program staff members carrying out these services. Comparable rates for professional services shall be obtained annually by the Director of Business Operations, and a list of all In-Kind rates shall be submitted with the refunding grant application for approval by the Regional Head Start Office.

Valuation of Occupancy Costs

Fair market rental values shall be established for any facilities rented by RCCDC. This shall be accomplished through an appraisal by a licensed real estate agent operating in the target area of the facility and updated every two years. The difference between the fair rental value and the amount of rent actually paid will be claimed as Non-Federal share. The value of donated utilities, maintenance services, or other occupancy costs not charged to RCCDC by lessors shall be claimed as Non-Federal share based on estimated costs of comparable utilities or maintenance services in the area.

Documentation of Non-Federal Share

- Cash Contributions – A separate bank account shall be maintained for the deposit of all Non-Federal funds and shall be documented as Non-Federal share only at the time when the funds are spent for the benefit of the Head Start or Early Head Start program. In other words, cash becomes Non-Federal share when it is spent on an allowable program cost and is recorded as Non-Federal share when the goods or services are purchased, not when the cash is received.
- In-Kind Donations – Source documentation shall be recorded for all in-kind services or contributions in sufficient detail, including signature of donor or other acknowledgement by the donor of the donation as well as RCCDC staff signature indicating receipt of donation on forms provided by RCCDC. After the source documentation has been sufficiently detailed, the information shall be entered into the computerized in-kind program on a monthly basis by the designated business operations assistant in accordance with RCCDC established budget categories. The designated business operations assistant shall prepare a journal entry for in-kind donations and submit it to the Business Operations Supervisor for approval. The source documentation for these in-kind entries shall be filed systematically after entry into the computer.

Fundraising

Fund-raising activities occur occasionally under Head Start auspices. Parents also often engage in fund-raising as part of parent involvement activities in Head Start. These activities allow the program to generate additional resources to support special projects that the program would not otherwise be able to afford using only its Head Start grant funds. Such fundraising activities to supplement Head Start program funds are permissible, provided that:

- No Head Start funds are used for fund-raising activities. Costs for such activities are unallowable per the Office of Management and Budget Cost Principles at 2 Code of Federal Regulations (CFR) Part 225, Appendix B and 2 CFR Part 230, Appendix B.
- No Head Start staff members are engaged in these activities during the period when such staff members

are employed. Funds may not be solicited, collected or tabulated during work hours or using Head Start-funded equipment, facilities or supplies during Head Start hours of operation. Head Start staff members may, however, volunteer during non-work time.

- No Head Start resources (e.g., facilities, equipment, etc.) can be used during the program's normal workday. Such resources may be used on an occasional basis during the time the Head Start program is closed. A grantee may, for example, allow the use of one of its centers on the weekend or in the evening to provide assistance to the fundraising effort, but may not use the center during the time it is being used to provide Head Start services to enrolled children and families.

All fundraising activities must be approved by the assigned PFCE and the Business Operations Supervisor prior to beginning the activity.

Audit of Annual Financial Statements

The Head Start Act of 2007, Section 647 Records and Audits (a) states:

(a) Each recipient of financial assistance under this subchapter shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such financial assistance is given or used, the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

As required under 45 CFR Part 75 Subpart F Audit Requirements §75.504 Frequency of audits, financial statements must be audited annually. In addition to the financial statement audit, RCCDC is subject to a *Single Audit* per §75.501 (b). A single audit or program specific audit is required for any non-Federal entity that expends \$750,000 or more during the entity's fiscal year. A single audit or program specific audit is one in which the auditor performs procedures to determine whether RCCDC has complied with Federal statutes, regulations, and the terms and conditions of Federal awards that could have a direct and material effect on each of its major programs.

Audit Agreement

The Board of Directors, at the recommendation of the Finance Committee, shall be responsible for the selection of an auditing firm. The Executive Director shall enter into an agreement with the selected independent Certified Public Accounting firm (whether a sole practitioner or accounting firm) deemed capable of providing high quality audit services. An "Audit Agreement" shall be written to outline the information below:

- The duties of the auditor
- Timelines for completion and submission
- Projected cost of the audit
- Additional reports required of the auditor
- All parties to whom the audit shall be issued to upon completion
- A list of any "non-audit" services to be provided

Performance of Audit

At the end of the program/fiscal year, the Director of Business Operations shall provide all accounting records which disclose:

- all of the financial assistance or funds provided to RCCDC during the year,
- the total cost of the program operations for the year,
- all other records that will facilitate an "effective audit"

Center Managers shall provide all records requested by the auditor in order to assure compliance with the terms and conditions of all grants received.

Issuance of Audit Report

After a review and approval of a draft by the Finance Committee, Director of Business Operations and Executive Director, the audit report shall be completed and issued in a timely fashion by the auditor to the following:

- Regina Coeli Child Development Center Board of Directors
- Audit Control for Federal Head Start funds
- Region VI Head Start Office in Dallas, Texas
- Child/Adult Care Food Program
- USDA Rural Development
- Banks and other lending institutions as indicated by loans/mortgages
- Any other entities or funding agencies requiring a copy of the audit report

Technology Disaster Recovery Plan (DRP)

The goal of this disaster recovery plan (DRP) is to mitigate disruption of product and services delivery to the greatest degree possible when disruption due to disaster occurs. Protection of all personal identifiable information and business continuity are our principal concerns.

Information Technology Disaster Recovery/Business Continuity

1. Identification of critical data and frequency of backups:
 - Information is stored on our cloud server which is managed by In-Telecom. Depending on the server, it is backed up daily or continuously as needed.
2. Storage of backups in a separate physical location isolated from the network:
 - Our backups are not stored on our network.
 - Our servers are automatically backed up to a main server once a week via VPN tunnel. Our servers also continually upload data to a cloud storage account. The primary file server continually uploads its data to a cloud storage account.
 - Abila MIP accounting software is cloud based which conducts full backups weekly
3. Periodic testing/verification that backups can be restored:
 - Backups are daily by In-Telecom. Emailed updates are sent to the IT Manager.
4. Use of antivirus software on all systems:
 - Anti-virus software is installed on all servers, workstations, and laptops. Virus signature definitions are up to date. It is launched into systems by the IT Manager and managed daily by In-Telecom. Emailed updates are sent to the IT Manager.
5. Timely application of all available system and software patches/updates:
 - Security patches to operating system and application software are pushed to our systems by our IT Provider - In-Telecom.
6. Identification of personnel, processes, and tools needed to recover operations after a critical event.
 - Any critical spreadsheets or end-user developed programs/data files used are stored on our cloud server that is managed by In-Telecom. They are for authorized users and are password protected.

Record Retention and Access

Purpose

In accordance with the Sarbanes-Oxley Act, which makes it a crime to alter, cover up, falsify, or destroy any document with the intent of impeding or obstructing any official proceeding, and, this policy provides for the systematic review, retention, and destruction of documents received or created by Regina Coeli Child Development Center in connection with the transaction of organization business. This policy covers all records and documents, regardless of physical form, contains guidelines for the time required to keep certain documents, and how records should be destroyed (unless under a legal hold). The ensures compliance with federal and state laws and regulations, eliminates accidental or innocent destruction of records, and facilitates Regina Coeli Child Development Center operations by promoting efficiency and managing valuable and safe storage space.

Document Retention

Regina Coeli Child Development Center follows the document retention procedures outlined below. Documents not listed, but substantially similar to those listed in the schedule, will be retained for the appropriate length of time.

Corporate Records

Annual Reports to Secretary of State/Attorney General	Permanent
Articles of Incorporation	Permanent
Board Meeting and Board Committee Minutes	Permanent
Board Policies/Resolutions	Permanent
Bylaws	Permanent
Construction Documents	Permanent
Fixed Asset Records	Permanent
IRS Application for Tax-Exempt Status (Form 1023)	Permanent
IRS Determination Letter	Permanent
Conflict-of-Interest Disclosure Forms	4 years
Contracts (after expiration)	7 years
Correspondence (general)	3 years

Accounting and Corporate Tax Records

Annual Audits and Financial Statements	Permanent
Depreciation Schedules	Permanent
IRS Form 990 Tax Returns	Permanent
General Ledgers	[7 years/Permanent]
Business Expense Records	7 years
IRS Forms 1099	7 years
Journal Entries	7 years
Invoices/Purchase Orders	7 years
Sales Records	5 years
Cash Receipts	3 years
Credit Card Receipts	3 years

Bank Records

Check Registers	[7 years/Permanent]
Bank Deposit Slips	7 years
Bank Statements and Reconciliation	7 years
Electronic Fund Transfer Documents	7 years

Payroll and Employment Tax Records

Payroll Registers	Permanent
State Unemployment Tax Records	Permanent
Earnings Records	7 years
Garnishment Records	7 years
Payroll Tax Returns	7 years
W-2 Statements	7 years
Time Sheets	7 years

Employee Records

Employment and Termination Agreements	Permanent
Employee Personnel Files	Permanent
Employee Handbooks	Permanent
Retirement and Pension Plan Documents	Permanent
Records Relating to Promotion, Demotion, or Discharge	7 years after
Worker's Compensation Records-after settlement	7 years
Salary Schedules	5 years
Employment Applications/I-9 Forms	3 years

Donor and Grant Records

Donor Records and Acknowledgment Letters	7 years
Grant Applications and Contracts	7 years after completion

Legal, Insurance, and Safety Records

Appraisals	Permanent
Copyright Registrations	Permanent
Environmental Studies	Permanent
Insurance Policies	Permanent
Real Estate Documents	Permanent
Stock and Bond Records	Permanent
Trademark Registrations	Permanent
Leases	6 years after expiration
OSHA Documents	5 years

Electronic Documents and Records

Electronic documents will be retained as if they are paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an e-mail message, the

message and kept in the appropriate file or moved to an “archive” computer file folder. Backup and recovery methods will be tested on a regular basis.

Emergency Planning

Regina Coeli Child Development Center records will be stored in a safe, secure, and accessible manner. Documents and financial files essential to keeping Regina Coeli Child Development Center operating in an emergency will be duplicated or backed up at least every week and maintained off-site.

Document Destruction

The Regina Coeli Child Development Center Director of Business Operations is responsible for the ongoing process of identifying records which have met the required retention period and overseeing their destruction.

Destruction of financial and personnel-related documents will be accomplished by shredding or burning.

From time to time, the executive director may issue a notice, known as a “legal hold,” suspending the destruction of records due to pending, threatened, or otherwise reasonably foreseeable litigation, audits, government investigations, or similar proceedings. No records specified in any legal hold may be destroyed, even if the scheduled destruction date has passed, until the legal hold is withdrawn in writing by the executive director.

Compliance

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against Regina Coeli Child Development Center and its employees and possible disciplinary action against responsible individuals. The chief financial officer and finance committee chair will periodically review these procedures with legal counsel or the organization’s certified public accountant to ensure that they are in compliance with new or revised regulations.