FINANCIAL POLICIES & PROCEDURES MANUAL

Reviewed by General Counsel June 5th ready for Board Approval and Use

Table of Contents

Effective Date of Policies

The effective date of all policies described in this manual will be the beginning of the month following the approval of this document by the Westchester Community Opportunity Program, Inc. Board of Directors. All fiscal policies and procedures discussed in this document will replace all such former fiscal policies and procedures upon official adoption of the fiscal manual by the Westchester Community Opportunity Program, Inc. Board of Directors. If a policy is added or modified subsequent to this date, the effective date of the new/revised policy will be indicated parenthetically immediately following the policy heading.

INTRODUCTION

The Fiscal Policies and Procedures Manual of the Westchester Community Opportunity Program, Inc. (WestCOP, Inc.) is the official document of the organization for the conduct of its business. This Manual is developed to codify the organization's policies to strengthen its traditional financial management and accounting functions. The enforcement of these policies is essential to safeguard the organization's assets and practice. This Manual shall also guide employees of Westchester Community Opportunity Program, Inc. (WestCOP, Inc.) in the application of various Federal and State laws and regulations to grants awarded by the U.S. government, specifically by the Department of Health and Human Services (HHS) as well as other funding sources, if any. WestCOP, Inc. ensures compliance with 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards

Westchester Community Opportunity Program, Inc. is a non-profit organization incorporated in the state of New York. The Organization is exempt from federal income taxes under Section [501(c)(3)] of the Internal Revenue Code. Westchester Community Opportunity Program, Inc. mission statement reads as follows:

It is the mission of the Westchester Community Opportunity Program, Inc. (WestCOP, Inc.) to mobilize and efficiently manage resources through partnerships and collaborations to help the low-income and at-risk populations in the Hudson Valley region to achieve greater self-sufficiency. Hence, Westchester Community Opportunity Program, Inc. (WestCOP, Inc.) ensures that Agency business is conducted in a fiscally responsible manner. In this regard, it is WestCOP, Inc.'s responsibility to establish and maintain effective internal controls to ensure that assets are properly safeguarded; financial reporting is in conformity with generally accepted accounting principles applicable to non-profits; and that there is compliance with requirements of laws, regulations, contracts and grants applicable to federal and other governmental and private funding sources.

Furthermore, WestCOP, Inc. gives the highest priority to its staff becoming intimately involved in all the financial aspects of the various grants, from establishing the budgets to recording the revenue and expenditures. In the liaison role of the Fiscal department with program coordinators and directors, WestCOP, Inc. is able to address the economic viability of a grant while not losing sight of the Agency's need to serve the needs of the children and families at risk in the community. In this role, the agency's fiscal personnel are responsible for monitoring and communicating the actual program expenditures against budget and submit the paperwork to the funding agencies for reimbursement to provide the necessary supports and services that facilitate the positive growth and development of children and families.

This manual constitutes all current fiscal policies and standards that have been developed by Westchester Community Opportunity Program, Inc., unless otherwise noted, through the time of issuance. The primary purposes of this manual among others are to:

- Formalize our accounting policies.
- Formalize our fiscal procedures.
- Document internal controls

As the governing body, the Board of Directors has approved the contents of this manual as official policy of the Organization on ___/___/___. The accounting methods and procedures comply with the Generally

Accepted Accounting Principles (GAAP). All WestCOP, Inc. staff members shall be bound by the policies herein, and any deviation from the established policy shall be strictly prohibited.

ROLE OF THE GOVERNING BODY

(Head Start Act of 2007, Section 642: Powers and Functions of Head Start Agencies. [42 U.S.C. 9837]):

Westchester Community Opportunity Program, Inc. (WestCOP, Inc.), which includes an Early Head Start (EHS) division, is governed by its Board of Directors (BOD), which serves as the Organization's governing body. The governing body shall assume the legal and fiscal responsibility for all WestCOP, Inc. programs, including the safeguarding of Federal funds. The BOD shall also be responsible for ensuring compliance with all pertinent regulations and all applicable Federal, state, Tribal, and local laws. The governing body shall provide oversight of the Organization by adopting practices to ensure active, independent and informed governance through:

- Governing Body Bylaws.
- Procedures for Accessing and Collecting Information.
- Written Standards of Conduct including Conflicts of Interests, Confidentiality, Code of Conduct/Ethics, and Community Complaints.
- Procedures for Selecting Head Start Policy Council members, as described in the Policy Council By-laws, and Advisory Members.

The BOD shall also have the responsibility to:

- Select the delegate agencies and the service areas for such agencies.
- Establish procedures and criteria for Head Start/Early Head Start recruitment, selection, and enrollment.
- Review all funding applications and amendments.
- Review and follow-up activities from Federal and State monitoring.
- Review and Approve major policies and procedures, including self-assessments, financial audits, fiscal policies, and personnel policies.
- Review and Approve progress on implementing the Early Head Start grant(s), including corrective actions for any fiscal audit findings.
- Receive and Use annual, monthly and periodic fiscal and program operations reports* In case of any deficits noted in their financial reports, the Board ensures that it verifies or identifies the reason(s) for the deficit and that this information is recorded in their Board Minutes.

*Refers to the reports that are generated and used by management, then shared with and used by the Policy Council and the governing body:

- Health and Human Services (HHS) secretary communications
- Financial Statements
- Program Summary of Operations Reports
- Enrollment Reports
- USDA Reimbursement Reports
- Financial Audit Report
- Self-Assessment Summary of Findings Report
- Community Assessment

- Program Information Reports (EHS PIR and CSBG).

Note: The roles and responsibilities of the BOD described in this manual are designed to provide an overview and are not all-inclusive. For a complete list of the specific roles and responsibilities of the Organization's BOD, please refer to the Westchester Community Opportunity Program, Inc. Governance Manual and the Organization's Bylaws which were approved by the Board of Directors.

Committee Structure

The BOD shall form committees to assist the board in fulfilling its responsibilities. These committees shall be responsible for the review of particular programs and providing recommendations to the full-board. Standard WestCOP, Inc. board-level committees shall consist of the following:

- Executive Committee
- Finance Committee
- Audit Committee
- Bylaws Committee
- Compensation Committee
- Policy Council Committee
- Fund Development Committee
- Nominating Committee

Note: The roles and responsibilities of the standing board-level committees described in this manual are designed to provide an overview and are not all-inclusive. For a complete list of the specific board-level committees and the roles and responsibilities assigned to each, please refer to the WestCOP, Inc. Governance Manual and Organizational Bylaws. Committees with direct responsibilities for the financial affairs of the Organization are further described in this manual. These committees shall be referred to in the appropriate sections of this manual.

FINANCIAL MANAGEMENT SYSTEM

The Finance/Audit Committee shall be responsible for the direction and oversight regarding the overall financial management of WestCOP, Inc. Functions of the Finance/Audit Committee shall include but are not limited to the following:

Review proposed annual budgets for each new and/or existing program within 90 days of the receipt of the program's fully executed contract from its funding agency or within 90 days of the start of the program's fiscal year, whichever is later. This shall include both receiving a written and oral presentation of the proposed budget by the Program Director and an opportunity for questions and answers.
Develop and maintain long-term financial planning for the Organization to ensure sustainability.
Establish and maintain an investment policy for the Organization's securities. The committee shall monitor the performance of the Organization's investments to ensure appropriateness and consistency with the Organization's investment policies.

- Evaluate and approve all Organizational facilities decisions (i.e. leasing, purchasing, and renovations).
- Monitor income, expenditures and program activities against projections (actual vs. budgeted) limited to a review of monthly income and expenditure reports for each program generated from the Organization's computerized finance and accounting system.
- Provide oversight of the Organization's Reserve Funds to ensure proper execution.

- Receive and review the annual audit of the Organization including an oral and written presentation by the contracted independent auditors. The committee shall evaluate the staff response to the management letter in response to the auditor's findings and shall review the response with the auditors to determine the response's appropriateness.
- Review the annual IRS Form 990 (Return of Organization Exempt from Income Tax) with the independent CPA.
- Review and provide recommendations for the Organization's annual budget (prepared by the staff) for final approval by the full board.
- Provide copies of the Finance/Audit Committee meeting minutes to the board Treasurer and present a short verbal report the WestCOP, Inc. BOD at the regularly scheduled meetings.
- The Finance/Audit Committee shall consider other duties at the request of the President/Chairperson of the BOD.

The Finance/Audit Committee shall also be involved in the hiring of an independent CPA firm and shall communicate directly with the CPA firm for an annual audit, as described in the Organization's Bylaws. The Finance/Audit Committee shall review and approve the final audited financial statements and any other communications received from the auditor regarding internal controls, illegal acts, or fraud. Additionally, the Finance/Audit Committee shall serve as the primary point of contact for any employee who suspects that fraud has been committed against the Organization or by one of its employees or board members.

The Finance /Audit Committee shall be chaired by the Treasurer or another designee of the WestCOP, Inc. Board of Directors, and shall be composed of members of the WestCOP, Inc. Board of Directors with experience in finance or business, and WestCOP, Inc. finance staff. Members of the Finance/Audit Committee shall be appointed by the President of the BOD. Service on the Finance/Audit Committee shall constitute "approved Board of Directors service/duties" and, shall be covered under the Directors' and Officers' Liability Insurance coverage. Ex-Officio members of the Finance/Audit Committee shall include the following WestCOP, Inc. Staff.

- CEO/Executive Director
- CFO

The CEO/Executive Director and CFO shall provide staff support to the committee but have no right to vote.

Note: The roles and responsibilities of the Finance/Audit Committee described in this manual are designed to provide an overview and are not all-inclusive. For a complete list of the specific roles and responsibilities of the Organization's Finance/Audit Committee, please refer to the WestCOP, Inc. Governance Manual and Organizational Bylaws. The Finance/Audit Committee's role in the annual audit is more fully explained in the section of this manual covering the annual audit.

Chief Executive Officer (CEO/Executive Director)

The BOD shall hire the Chief Executive Officer (CEO/Executive Director), who shall report directly to the Board. The CEO/Executive Director shall be responsible for hiring and evaluating the organization's Directors for each department, except for those positions required to be hired by the Board of Directors under the Head Start Act (2007) - i.e. Deputy Director, Human Resource Director, Chief Financial Officer and Early Head Start Director. Each department Manager/Director shall report to the Chief Executive Officer.

Department Directors, Managers and Coordinators shall participate in hiring employees who work within their respective departments with approvals from the Chief Executive Officer and Director of Human Resources. All employees within a department shall report directly to that department's Director, Manager or Coordinator (as applicable) who shall be responsible for managing and evaluating department employees.

Chief Financial Officer (CFO)

The Chief Financial Officer is responsible for ensuring that fiscal policies and procedures are kept current and in compliance with all regulatory nonprofit financial guidelines and for training staff regularly on the policies and procedures. This can often be done in conjunction with a review process, which should occur every two years at a minimum. Additionally, the Chief Financial Officer will direct and oversee the financial activities of the corporation, direct the preparation of current financial reports and summaries, and create forecasts predicting future growth.

FISCAL DEPARTMENT OVERVIEW

Organization

The Fiscal Department shall consist of several staff members who shall manage and process financial information for WestCOP, Inc. The staff members are the following:

- CFO
- Comptroller
- Accountants
- Payroll Personnel
- Accounts Payable
- Accounts Receivable

Other officers and employees of WestCOP, Inc. who shall have financial responsibilities include:

- Chief Executive Officer
- Department Directors
- Treasurer - Board Level
- Finance/Audit Committee
- Executive Committee
- Full Board of Directors

The primary responsibilities of the Fiscal Department shall consist of:

- General Ledger (GL)
- Budgeting
- Cash and Investment Management
- Asset Management
- Grants and Contracts Administration
- Purchasing

- Accounts Receivable and Billing
- Cash Receipts
- Accounts Payable (AP)
- Cash Disbursements
- Payroll and Benefits
- Financial Statement Processing
- External Reporting of Financial Information
- Bank Reconciliation
- Reconciliation of Sub-Ledgers
- Compliance with Government Reporting Requirements
- Annual Audit
- Leases
- Insurance

All financial records shall be maintained on the Organizational "Approved" financial software.

Standards for Financial Management Systems

In accordance with 2 CFR Part 200 Section 200.300-309 Financial Management, WestCOP, Inc. shall maintain a financial management system that provides for the following:

- Accurate, current, and complete disclosure of the financial results of each federally-sponsored project or project in accordance with the reporting requirements set forth in 2 CFR Part 200 Section 200.327 Performance and Financial Monitoring and Reporting.
- Accurate, current, and complete disclosure of the financial results of each state-sponsored project or project in accordance with the reporting requirements of the State of New Jersey.
- Records that identify adequately the source and application of funds for federal, state, and private foundation sponsored activities. These records shall contain information pertaining to awards, authorizations, obligations, unobligated balances, assets, outlays, income, and interest.
- Effective control over and accountability for all funds, property, and other assets. WestCOP, Inc. shall adequately safeguard all such assets and ensure they are used solely for authorized purposes.
- Records that permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.
- Comparison of outlays with budget amounts for each award. Whenever possible, financial information shall be related to performance and unit costs data.
- Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the applicable federal costs principles and the terms and conditions of all awards.
- Accounting records including cost accounting records that are supported by source documentation.

INTERNAL CONTROL
(2 CFR Part 200 Section 200.303 Internal Controls):

The objectives of internal controls are as follows:

- Provide reasonable assurance that WestCOP is managing the Federal award in compliance Federal with Federal and State and State statutes, regulations, and the terms of the Federal award.

- Assess and monitor WestCOP's compliance with statutes, regulations and the terms and conditions of Federal awards
- Protect sensitive and personally identifiable information

Additional objectives are the following:

- Ensure that management and the governing body understand their responsibility to make certain internal controls are established, properly documented, maintained and followed by everyone within the Organization, including but not limited to all employees, volunteers, consultants, and members of the governing body.
- To Ensure all WestCOP, Inc. employees understand their responsibility for compliance with internal controls.
- Provide guidance for management, the governing body and employees on the components of internal control.
- Provide tools to establish, properly document, maintain, and follow the Organization's system of internal controls.
- Promote effectiveness and efficiency of operations.
- Control of assets and records of the Organization to protect against loss, theft or misuse.
- Compliance with applicable laws and regulations.
- Provide appropriate oversight by the Organization's governing body.
- Adherence to the agency's policies and procedures.
- Ensure Reliability of financial reporting.
-

WestCOP, Inc. shall employ the following two types of internal controls:

- Preventive Controls: are proactive controls intended to prevent or deter unwanted acts, loss, error, or omissions.
    - Segregation of duties.
    - Proper authorizations.
    - Adequate documentation.
    - Physical security over assets.

- Detective Controls: are reactive controls intended to detect unwanted acts that have already occurred by providing evidence after-the-fact of a loss or error.
    - Supervisory review.
    - Reports that identify the occurrence of specific transactions or events.
    - Routine spot-checking.
    - Variance analysis.
    - Physical inventories.
    - Control self-assessments.
    - Audits.

WestCOP, Inc.'s internal control policies follow the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework and it shall comply with its recommendations to implement effective systems of internal controls. This will ensure that all its financial resources are safeguarded. According to COSO, the five elements of Internal Controls are: 1) Control Environment; 2) Risk

Assessment; 3) Control Activities; 4) Information and Communication; and 5) Monitoring. The segregation of duties and responsibilities is a key factor in internal control regarding assignment of authority and responsibility.

The internal control policies and processes shall be reviewed and updated continually by management and/or the governing body. When a weakness is identified in a control, WestCOP, Inc. shall choose among the following alternatives:

- Additional supervision and monitoring.
- Additional or compensating controls.
- Accept the risk(s) associated with the identified control weakness (es).

WestCOP, Inc. shall ensure that individuals performing work for the Organization have the skills and capacity for their position. The Organization shall also provide employees with appropriate supervision, monitoring, and training so that WestCOP, Inc. can carry out its mission.

Specific internal controls mechanisms WestCOP, Inc. shall employ include but are not limited to the following:

- Segregation of duties between employees. The segregation of duties and responsibilities is a key factor in internal control regarding assignment of authority and responsibility. The segregation of duties is an internal control method used to assure that no financial transaction is handled by only one person from the beginning to the end. This measure is designed to protect the Organization against fraud and the allegations of fraud at the program and individual levels
- Safeguards over cash and other assets, such as locked safes, desk drawers, and file cabinets.
- Safeguards over admittance to facilities and offices with key or badge access.
- Records of transactions.
- Review and approval of a transaction by someone who does not prepare or process the same transaction.
- Adequate supervision over employees, volunteers, and consultants.
- Adequate supervision over control processes, work functions, and other activities.
- Validation of transactions for accuracy and completeness by someone independent of preparing or processing the transactions.

WestCOP, Inc. shall maintain a control conscious environment that supports ethical values, ethical business practices, honesty, and accountability at all levels. The Organization's governing body and management shall encourage, model and demonstrate the highest level of integrity and ethical behavior, and shall exhibit leadership behavior that promotes internal control and accountability. WestCOP, Inc. shall:

- Ensure the Organization's Policies, Procedures, Rules, and Regulations are available to all employees, volunteers, and consultants.
- Ensure the Organization has standard operating procedures that address critical activities, processes and any issues, which are department specific.
- Ensure employees understand the Organization's Policies, Procedures, Rules, Regulations and standard operating procedures related to the duties and responsibilities for their position.
- Discuss ethical issues with employees. Ensure that employees are aware that ethics guidance is available.

- Ensure that ethics guidance is provided to employees who need it.
- Ensure employees are aware of their obligation to report questionable or unethical activities through their chain of command.
- Ensure that employees comply with the Organization's Conflict of Interest policy and disclose potential conflicts of interest.
- Ensure job descriptions have been created, include responsibility for internal control within the job description, and ensure the level of competence required for the job is adequately explained within the educational, skills, and experience requirements for the position.
- Ensure the Organization has an adequate employee-training program.
- Ensure employees receive timely performance evaluations.
- Ensure employees are subject to an appropriate disciplinary process when not in compliance with the Organization's policies, procedures, performance, or behavioral standards.

WestCOP, Inc. management, with the Chief Executive Officer as the lead, shall review the functioning of the internal control mechanisms by conducting an Organizational internal control assessment each program year (annually). The results of the internal assessment shall be provided to the BOD and used to identify the effectiveness of controls. If deficiencies/exceptions are found, management shall follow-up immediately to correct the identified deficiencies/exceptions.

The internal control policy is interwoven in the policies that govern various tasks and is shown as the first item and appears under the sub-heading 'control objective'.

STANDARDS OF CONDUCT
(45 CFR Chapter XIII Head Start Performance Standards, Part 1301.30 Subpart D Personnel and General Administration; and Part 1304.52(i)(1) -(i)(3) Standards of Conduct):

WestCOP, Inc. shall require board members, committee members, and employees to observe high standards of business and personal conduct in their duties and responsibilities, and all directors, committee members and employees to comply with all applicable laws and regulatory requirements. Violations of the WestCOP, Inc. Standards of Conduct/Ethics, or the appearance of violations, shall be unacceptable under any condition. The policies and reputation of WestCOP, Inc. largely depends upon the following considerations:

- Each employee's conduct shall extend beyond the compliance with applicable laws and regulations in business situations.
- Each employee shall be responsible for applying sound judgement in business decisions where specific rules do not provide all the answers.

In determining compliance with this standard in specific situations, employees shall ask themselves the following questions, and be able to answer "yes" to all of the questions before taking action:

- Is my action legal?
- Is my action ethical?
- Does my action comply with WestCOP, Inc. policy?
- Am I sure my action does not appear inappropriate?
- Am I sure that I would not be embarrassed or compromised if my action became known within the Organization or publicly?
- Would I feel comfortable defending my actions on the televised national news?

Each Director, manager, coordinator, and supervisor shall be responsible for ensuring that her or his subordinates adhere to the WestCOP, Inc. Standards of Conduct/Ethics. Should an employee violate the Organization's Standards of Conduct/Ethics, the Directors, managers, coordinators, and supervisors shall carefully weigh all courses of action suggested in ethical, as well as economic[1] terms[2] and base their final decisions on the guidelines provided by the WestCOP, Inc. Standards of Conduct/Ethics policy, as well as their personal sense of right and wrong.

Note: The Standards of Conduct provided in this manual are designed to provide a general overview. Please refer to the WestCOP, Inc. Code of Conduct/Ethics Statements Policy for specific information.

Compliance with Laws, Regulations, and Organizational Policies

WestCOP, Inc. shall not permit:

- The willful violation or circumvention of any Federal, state, local, Tribal or foreign law by an employee during the course of that person's employment with the Organization.
- The disregard or circumvention of WestCOP, Inc. policy or engagement in unscrupulous dealings.
- Employees shall not attempt to accomplish by indirect means, through agents, or intermediaries, that which is prohibited. The measurement of all levels of employees shall be evaluated against the implementation of the provision of these standards.

Conflict of Interest
(2 CFR Part 200 Section 200.112 Conflict of Interest):

A conflict of interest is a set of conditions in which professional judgment concerning a primary interest (the absolute benefit of the Organization) tends to be unduly influenced by a secondary interest (such as financial gain). It is WestCOP, Inc. policy that any employee, director or board member is free of any personal interest, which could influence his or her judgment or action in the conduct of Agency business or affect his or her responsibility to Westchester Community Opportunity Program, Inc. Each one shall owe a duty of loyalty to the Organization. This duty necessitates that in serving the Organization they shall act solely in the interests of WestCOP, Inc., not in their personal interests. They must not only avoid situations which give rise to, or could give rise to, a conflict of interest, but also those situations which create the appearance of a conflict of interest.

All directors and employees shall have an obligation to:

- Avoid conflict of interest, or the appearance of conflict, between their personal interests and those of the Organization in dealing with outside entities, (third-parties) or individuals.
- Disclose real and apparent conflicts of interests to the Board of Directors.
- Refrain from the participation in any decision on matters that involve a real conflict of interest or the appearance of a conflict.

The persons covered under this policy shall hereinafter be referred to as "interested persons." Interested persons include all members of the BOD and all employees, as well as persons with the following relationships to directors or employees:

- Spouses or domestic partners.
- Brothers and sisters.
- Brother-in-law and sister-in-law.
- Parents, step-parents, children, step-children, adopted children, grandchildren, step-grandchildren, and great-grandchildren.
- Siblings, parents, children, adopted children, grandchildren, and great-grandchildren of domestic partners.

A potential conflict of interest exists when the director or employee, or any of the above-mentioned familial associations (interested parties), owns and/or receives more than 1% of the benefiting business and/or profits. Examples of conflicts of interest include, but are not limited to, situations in which a director or employee:

- Negotiates or approves a contract, purchase, sale, or lease on behalf of the Organization and has a direct or indirect interest in, or personally benefits from, the entity or individual providing the goods or services.
- Employs or approves the employment of, or supervises a person who is an immediate family member of the director or employee.
- Sells products or services in competition with the Organization.
- Uses the Organization's facilities, other assets, employees, or other resources for personal gain.
- Receives a substantial gift from a vendor, if the director or employee is responsible for initiating or approving purchases from that vendor.

Note: The information contained in this manual regarding the Conflict of Interest is designed to provide a general overview and is not all-inclusive. For specific information regarding conflicts of interest policies and procedures, please refer to the Organization's Codes (Standards) of Conduct/Ethics, and the Conflict of Interest Statement.

Honorarium Acceptance

An Organizational employee shall not accept an honorarium for an activity conducted where agency-reimbursed travel, work time, or resources are used or where the activity can be construed as having a relationship to the employee's position with WestCOP, Inc.; such activity would be considered official duty on behalf of WestCOP, Inc.

A relationship exists between the activity and the employee's position with WestCOP, Inc. if the employee would not participate in the activity in the same manner or capacity if they did not hold their position with WestCOP, Inc. The employees shall make every attempt to avoid the appearance of impropriety.
An employee may receive an honorarium for activities performed during regular non-working hours or while on annual leave if the following conditions are met:

- All expenses are the total responsibility of the employee or the sponsor of the activity in which the employee is participating.
- The activity has no relationship to the employee's WestCOP, Inc. duties.

Nothing in the policy shall be interpreted as preventing the payment to WestCOP, Inc. by an outside source for actual expenses incurred by an employee in activity, or the payment of a fee to WestCOP, Inc. (in lieu of an honorarium to the individual) for the services of the employee. Any such payments made to

WestCOP, Inc. shall be deposited into the WestCOP, Inc. account and an appropriate entry shall be made coded to the same program or department to which the employee's corresponding time was charged.

Note: The information contained in this manual regarding honoraria is designed to provide a general overview and is not all-inclusive. For specific policies and procedures regarding honoraria, please refer to the Organization's Human Resource Policies and Procedures or Codes (Standards) of Conduct/Ethics Policy.

Disclosure Requirements

A Director or employee who believes that he or she may be perceived as having a conflict of interest in a discussion or decision shall disclose that conflict to the group making the decision. Most concerns about conflicts of interest may be resolved and appropriately addressed through prompt and complete disclosure. Therefore, WestCOP, Inc. shall require the following:

- At the inception of employment or volunteer service to the Organization, and on an annual basis thereafter, the Fiscal Department shall distribute a list of all vendors with whom the Organization has transacted business at any time during the preceding year, along with a copy of the disclosure statement to all members of the Board of Directors, Chief Executive Officer, members of senior management, and employees with purchasing and/or hiring responsibilities or authority. Using the prescribed form, these individuals shall inform, in writing and with a signature, the Chief Executive Officer, and the chair of the Finance/Audit Committee, of all potential reportable problems.
- During the year, these individuals shall submit a signed, updated disclosure form if any new potential conflict arises.
- The Chief Executive Officer shall review all forms completed by employees, and the Finance/Audit Committee shall review all forms completed by directors and the Chief Executive Officer. The Finance/Audit Committee will then determine the appropriate resolution in accordance with the next section of this policy.
- Prior to management, board, or committee action on a contract or transaction involving a conflict of interest, a staff member, director, or committee member having a conflict of interest and who attends the meeting shall disclose all facts material to the conflict of interest. Such disclosure shall be reflected in the minutes of the meeting.
- A staff member, director, or committee member who plans not to attend a meeting at which he or she has a reason to believe that the management, board, or committee will act on a matter in which the person has a conflict of interest shall disclose to the chair of the meeting all facts material to the conflict of interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
- A person who has a conflict of interest shall not participate in or be permitted to hear management's, the Board's, or the committee's discussion on the matter except to disclose material facts and to respond to questions. Such a person shall not attempt to exert his or her personal influence with respect of the matter.
- A person who has a conflict of interest with respect to a contract or transaction that will be voted on at a meeting shall not be counted in determining a quorum for purposes of the vote. The person having a conflict of interest may not vote on the contract or transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote and abstention from voting shall be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the Board of Directors of WestCOP, Inc. has a conflict

of interest when he or she stands for election as an officer or re-election as a member of the Board of Directors.

Review, Approval and Ratification

The Executive Committee of the Board will review all conflicts of interest and related party transactions and determine whether to approve or ratify any such matters; however, a transaction with a related party may proceed without full Board review if the transaction: (i) is of limited monetary value; (ii) would not usually be reviewed by the Board in the ordinary course of business and is available to others on the same or similar terms; or (iii) provides a charitable benefit to a member of a charitable class where the benefit is available to others on similar terms. The Executive Committee of the Board may only approve the underlying matter if it determines that such matter, under the terms and within the circumstances and conditions presented, is fair, reasonable, and in the best interests of the WestCOP, Inc. at the time of such determination.

In making its determination, the Executive Committee of the Board will consider, without limitation: 1. alternative or comparable transactions to the extent available; 2. WestCOP, Inc.'s mission and resources; 3. the possibility of creating an appearance of impropriety that might impair the confidence in, or the reputation of, the WestCOP, Inc. (even if there is no actual conflict or wrongdoing); and 4. whether the conflict may result in any private inurement, excess benefit transaction or impermissible private benefit under laws applicable to tax-exempt WestCOP, Inc.. When considering the comparability of transactions, the Executive Committee of the Board may consider: (i) fees paid by similarly situated WestCOP, Inc., both exempt and non-exempt; (ii) the availability of similar products or services within the same geographic area; (iii) survey or other data compiled by independent firms; or (iv) written offers from similar institutions competing for the same person's products or services. When the transaction involves the transfer of real property as consideration, the relevant factors include, but are not limited to (i) current independent appraisals of the property; and (ii) offers received in a competitive bidding process. Unless provided otherwise in WestCOP, Inc.'s by-laws, a majority of the members of the Executive Committee of the Board shall constitute a quorum for a meeting and the affirmative vote of a majority of members present at a meeting at which a quorum is present shall constitute the action of the Executive Committee of the Board with respect to any matter that is the subject of this Policy.

Persons with an interest in any matter under review by the Executive Committee of the Board are not permitted to be present at or participate in any deliberations or voting by the Executive Committee of the Board with respect to the matter giving rise to the potential conflict and must not attempt to influence improperly the deliberation or voting on such matter. In appropriate circumstances, any such person may be called upon to provide information relevant to the determination prior to the commencement of deliberations or voting related thereto. Notwithstanding the foregoing, any member of the Executive Committee of the Board with an interest in a matter under review by the Executive Committee of the Board shall be deemed to be present at the meeting for purposes of determining whether a quorum is present. In the event WestCOP, Inc. and/or a Covered Person in error enters into or otherwise participates in a conflict of interest transaction that requires pre-approval by the Executive Committee of the Board or of the full Board pursuant to this Policy, such transaction shall promptly upon discovery of such error be presented to the Executive Committee of the Board for its review and recommendation to the full Board to determine whether to (i) ratify such transaction; (ii) direct the rescission or modification of the transaction, if possible to do so; (iii) take any disciplinary action; and/or (iv) make changes to the WestCOP, Inc.'s controls and procedures in connection with such error.

Records

The minutes of the Executive Committee of the Board or the full Board, if brought before the full Board, at the meeting during which a potential or actual conflict of interest is disclosed or discussed, shall be documented contemporaneously with the meeting and reflect the name of the interested Covered Person, the nature of the conflict, and details of the deliberations of the disinterested board members (such as documents reviewed, any alternatives or comparable transactions considered, comparative costs or bids, market value information and other factors considered in deliberations) and the resolution of the conflict including any ongoing procedures to manage any conflict that was approved.

The interested person shall only be informed of the final decision and not of particular board members' positions or how they voted. In addition, certain related party transactions are required to be disclosed in the notes to WestCOP, Inc.'s audited financial statements and its annual federal tax filing on Form 990.

Compliance

If the Executive Committee of the Board or the full Board has reasonable cause to believe that a Covered Person has failed to comply with this Policy, it may make such further investigation as may be warranted in the circumstances and if it determines that a Covered Person has failed to comply with this Policy, it shall take appropriate action which may include, in the case of board members and officers of the Corporation, removal of the Covered Person from the board or from office or, in the case of key persons or others, termination of employment with the WestCOP, Inc. or an affiliate.

Adoption and Oversight

The full Board is responsible for providing oversight of the adoption and implementation of, and compliance with this Policy.

Reporting Responsibilities

All employees, officers, and volunteers shall immediately report the suspected misconduct to their supervisor, Chief Executive Officer (CEO/Executive Director), Chief Accountant, or the Finance/Audit Committee. When supervisors have received a report of misconduct, they shall immediately report such acts to their supervisor, the Chief Executive Officer (CEO/Executive Director), or the Finance/Audit Committee.

Anyone who becomes aware of the existence (or apparent existence) of fraud, waste, or abuse related to Health and Human Services (HHS) grants or the use of grant funds shall report this information to HHS. The Health and Humans Services Office of Inspector General (OIG) provides several means, including toll-free numbers, for this purpose. The OIG hotline may be reached by telephone at 1-800-HHS-TIPS (1-800-447-8477) or TTY at 1-800-377-4950; by fax at 1-800-223-8164; by e-mail at HHSTips@oig.hhs.gov; or by mail at Office of Inspector General, Department of Health and Human Services, Attn: HOTLINE, 330 Independence Ave, SW, Washington, DC 20201.

Fraud Risk Assessment

WestCOP, Inc. shall assess internal and external risks and develop a plan to control the risks. Risk is defined as the possibility of an event occurring that will have an impact on the achievement of the Organization's objectives. A risk assessment is the systematic process of carefully examining and evaluating the Organization in order to identify potential risks or hazards. Risk is rated on its impact and likelihood. The WestCOP, Inc. Chief Executive Officer, in collaboration with the Finance/Audit Committee, shall conduct a risk assessment at least once per program year (annually). The risk assessment shall consist of the following five (5) steps:

1. Identify "What are the internal and external hazards?"
    a. Internal hazards include: Key employees (retention and succession planning); Financing and the availability of funding for key programs; Competitive compensation and benefits; Information systems security; Backup systems; Misstatement of financial statements.
    b. External hazards include: Labor relations; Creditors demands; Economic conditions; Regulations.
2. Identify "Who might be harmed and how?"
3. Identify "What are we presently doing to mitigate or reduce the risk?" and "What further action is necessary?"
4. Explain "How will the Organization put the assessment into action?"
5. Include the: Name of the Organization and the Review Date.

The risk assessment shall be included in the Organization's Risk Management strategy. Risk management is a process to identify, assess, manage, and control potential risk events or situations to provide reasonable assurance regarding the achievement of the Organization's objectives. The results of the risk assessment shall be presented by the Chief Executive Officer to the Board of Directors and Policy Council. The risk assessment results shall serve as a guide on how to safeguard the assets of the WestCOP, Inc.

Monitoring

WestCOP, Inc. shall monitor its fiscal performance continually. Deficiencies shall be identified and reported to the Chief Executive Officer, BOD, Finance/Audit Committee, and Policy Council. WestCOP, Inc. shall develop a plan to correct any deficiencies immediately.

All WestCOP, Inc. employees shall report observed weaknesses in design or compliance to the appropriate supervisor or management personnel.

Interactions with external entities (e.g. consultants, vendors, contractors etc.) shall be evaluated continually to determine if they are indicative of a weakness in the Organization's internal control structure. The evaluation of external entities (third parties) shall include the frequency of complaints about incorrect invoices, statements, and acknowledgements. The results of the evaluation and on-going monitoring shall be presented to the Chief Executive Officer, BOD, and Policy Council.

Fiscal Self-Assessment

At least once each program year (annually), WestCOP, Inc. shall conduct an organizational self-assessment of its effectiveness and progress in meeting program goals and objectives and in implementing Federal and State regulations. The self-assessment shall be performed with the consultation and participation of the policy groups and, as appropriate, other community members.

WestCOP, Inc. shall inform its delegate agency (if any) governing body of any deficiencies identified in the monitoring review of its organizational and fiscal operations. The Organization shall immediately develop plans, including timetables, for addressing and correcting any identified deficiencies.

SECURITY

(2 CFR Part 200 Section 200.333-337 Records Retention and Access):

WestCOP, Inc. information security and record keeping policies shall follow the Generally Accepted Recordkeeping Principles (GARP) ®. These principles of information governance are grounded in practical experience and based on extensive consideration and analysis of legal doctrine and information theory. GARP is the basis upon which every effective information governance program is built, measured, and - regardless of whether or not an organization or its personnel are aware of them - will one day be judged (ARMA, 2015). The principles of GARP consist of the following:

- Principle of Accountability - A senior executive (or person of comparable authority) shall oversee the information governance program and delegate responsibility for records and information management to appropriate individuals. The organization adopts policies and procedures to guide personnel and ensure that the program can be audited.
- Principle of Integrity - An information governance program shall be constructed so the information generated by or managed for the organization has a reasonable and suitable guarantee of authenticity and reliability.
- Principle of Protection - An information governance program shall be constructed to ensure a reasonable level of protection for records and information to ensure and indicate that they are private, confidential, privileged, secret, classified, or essential to business continuity or that otherwise require protection.
- Principle of Compliance - An information governance program shall be constructed to comply with applicable laws and other binding authorities, as well as with the organization's policies.
- Principle of Availability - An organization shall maintain records and information in a manner that ensures timely, efficient, and accurate retrieval of needed information.
- Principle of Retention - An organization shall maintain its records and information for an appropriate time, considering its legal, regulatory, fiscal, operational, and historical requirements.
- Principle of Disposition - An organization shall provide secure and appropriate disposition for records and information that are no longer required to be maintained by applicable laws and the organization's policies.
- Principle of Transparency - An organization's business processes and activities, including its information governance program, shall be documented in an open and verifiable manner, and that documentation shall be available to all personnel and appropriate interested parties.

In view of its importance, WestCOP, Inc. shall ensure that its information is created, organized, secured, maintained, and used in a way that effectively supports the activity of the Organization and complies with any governance or information management duties WestCOP, Inc. may have.

Fiscal Department

A safe shall be maintained in WestCOP, Inc. Fiscal Department. This safe shall be closed and locked in the evenings and when the Fiscal Department is vacant. The key/combination to this safe shall be provided to the Chief Executive Officer, and other personnel as approved by the Chief Executive Officer. The key/combination shall be changed whenever any of the above-mentioned individuals leaves the employment of WestCOP, Inc.

Access to Electronically Stored Accounting Data

WestCOP, Inc. shall utilize passwords to restrict access to accounting software and data. Only duly authorized personnel with data input and/or monitoring responsibilities shall be assigned passwords that allow access to the accounting software and data system. Information technology staff members shall be restricted from accessing accounting software. This restriction provides a critical internal control. Segregating IT from the financial software protects IT staff members from possible involvement in issues relating to the accuracy of accounting records and financial reporting. The CFO is in charge of the data security of the accounting system, which involves the administration of passwords that provide access to other uses.

Fiscal personnel shall keep their passwords secret, and shall change their passwords no less frequently than every ninety (90) days. Administration of passwords shall be performed by a designate of Chief Executive Officer, who is independent of the programming functions.

Each password shall enable a user to gain access to only those software and data files necessary for each employee’s required duties. To control data access and demonstrate evidence of internal control, each program year (annually), WestCOP, Inc. shall perform a review of the accounting software users to ensure they have the appropriate access levels. Unnecessary access shall be rescinded.
The Chief Executive Officer designee shall also:

- Ensure the file server remains locked at all times unless in use.
- Observe all work being performed by third parties to the accounting computer network.

The Fiscal staff shall:

- Exit all programs upon the completion of using a program or terminal.
- Refrain from sharing passwords with or log-on for anyone.
- Notify the Chief Executive Officer immediately if they suspect their passwords or log-on credentials have compromised or shared. At which time new passwords or log-on credentials shall be assigned.

Storage of Sensitive Data

In addition to accounting and financial data stored in the Fiscal Department, other sensitive data, such as social security numbers of employees or clients, etc., may be stored in areas other than the accounting department. Locations of sensitive data may include but are not limited to:

- Other agency departments such as in program data files, Human Resources offices, etc.
- USB drives or Flash Drives, Jump Drives, etc., utilized by staff members.
- Smart phones, PDAs, or other technology-based electronic devices permitting the remote access to email or network resources.
- Online email or storage solutions utilized by staff members to send information to other agencies (excluding personal email accounts).
- Other electronic or online storage devices.

Therefore, WestCOP, Inc. shall:

- Minimize the storage of sensitive data outside the Fiscal Department by shredding documents with such data or deleting the sensitive data from documents that are stored outside the Fiscal Department.
- Require that all sensitive data that is stored in areas other than the Fiscal Department be secured in locked filing cabinets that are placed in offices that are locked after hours.
- Require that any staff members removing sensitive data from systems in an electronic format store and transport data on an encrypted device. When completed with the use of data, it should be deleted from the encrypted device immediately.
- Prohibit the transmission of sensitive data via email, unless that email and any attached files are encrypted. The use of personal email for the transmission of sensitive data is prohibited.

Further, WestCOP, Inc. shall restrict access to sensitive data to Organization employees only (temporary workers, volunteers or contractors are prohibited) and only employees with a legitimate need for such access. WestCOP, Inc. shall also require employees to claim print documents that contain sensitive information immediately upon printing.

Destruction of Consumer Information

WestCOP, Inc. destruction of consumer (client) and/or employee information shall adhere to the Fair and Accurate Credit Transaction Act of 2003 (FACTA). The Organization shall properly dispose of consumer (client) information and/or employee information possessed by any person within the Organization. All sensitive data shall be securely stored and shredded when no longer needed. WestCOP, Inc. shall also shred all consumer information obtained by the Organization for any reason. Shredding shall be performed on a schedule determined by each department that possesses such data, and the schedule shall be made a part of the Record Retention Policy.

Note: The information contained here for the destruction of consumer information is not all-inclusive. For more specific information regarding the destruction of consumer information, please refer to the Organization's Record Retention Policy and the fiscal policies and procedures.

General Office Security

During normal business hours, all visitors to any WestCOP, Inc. facility shall be required to check in with the receptionist. After hours, a security key or door code shall be required to access the offices of WestCOP, Inc. Keys and door codes shall be issued only to employees as authorized by the Chief Executive Officer.

GENERAL LEDGER AND CHART OF ACCOUNTS
(2 CFR Part 200 Section 200.302 Financial Management):

The General Ledger (GL) is the collection of all assets, liabilities, fund balances, revenue, and expense accounts. The GL shall be used to accumulate all financial transactions and shall be supported by subsidiary ledgers that provide details for certain accounts. The GL shall be the foundation for the accumulation of data and the production of reports. The Lead Accountants and the Controller maintains the General Ledger

Chart of Accounts Overview

The chart of accounts shall be the framework for the GL system and the basis for the accounting system. The chart of accounts shall consist of the following segments with their designated codes:

Fund	3-digit alpha code
General Ledger Account	5-digit numeric code
Location	5-digit alphanumeric code
Funder	4-dgit numeric code
Program	4-digit alpha code
Restriction Segment	3-digit numeric code
2 TBD Segments	5-digit numeric code

The GL accounts shall be used to accumulate the transactions and the impact of these transactions on each asset, liability, revenue and expense account. Additionally, the use of programs and sub-programs shall be utilized to properly classify expenses by grant.

WestCOP, Inc. general ledger accounts shall be comprised of the following five (5) types of accounts:

- Assets
- Liabilities
- Fund Balances
- Revenues
- Expenses

All WestCOP, Inc. employees involved with account coding or budgetary responsibilities shall be issued a current chart of accounts. As the chart of accounts is revised, an updated copy of the chart of accounts shall be promptly distributed to these individuals.

Chart of Accounts Control

The CFO and the Chief Executive Officer shall monitor and control the chart of accounts, including all account maintenance, such as additions and deletions. Any additions or deletions of accounts shall be approved by the Chief Executive Officer, who shall ensure that the chart of accounts is consistent with the organizational structure of WestCOP, Inc., and that the chart of accounts meets the needs of each division and department of WestCOP, Inc. The account code combinations of the Chart of Accounts shall be maintained on Organizational approved financial system.

Account Definitions

General Ledger

Account Range	Category	Definition
1000-1999	Assets	

Assets are probable future economic benefits obtained or controlled by the Organization as a result of past transactions or events. Assets are classified as current assets, fixed assets, contra-assets, and other assets.

Current Assets are assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash, temporary investments, and receivables that will be collected within one year of the statement of financial position date.

Fixed Assets are tangible assets (property and equipment) with a useful life of more than one year that are acquired for use in the operation of the Organization and are not held for resale.

Contra-Assets are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivables.

Other Assets include long-term assets acquired without intending disposal of these assets in the near future. Some examples are security deposits, property, and long-term investments.

2000-2999 Liabilities

Current Liabilities are probable sacrifices of economic benefits (debts) that will likely occur within one year of the date of the financial statements or which have a due date of one year or less. Common examples of current liabilities include accounts payable, accrued liabilities, short-term notes payable, and deferred revenue. Liabilities of WestCOP, Inc. are classified as current or long-term.

Long-Term Liabilities are probable sacrifices of economic benefits (debts) that will likely occur more than one year from the date of financial statements. An example is the noncurrent portion of a mortgage loan.

3000-3999 Net Assets

Net Assets are further defined in the next section.

4000-4999 Revenues

Revenues are inflows or other activities using assets, or incurrences of liabilities from delivering or producing goods, rendering services, or other activities that constitute an organization’s ongoing major or central operations. Revenues include grants received from government agencies, private foundations and corporations, and contributions received from individual donors.

5000-9999 Expenses

Expenses are outflows or other activities using assets, or incurrences of liabilities from delivering or producing goods, rendering services, or carrying out other activities that constitute WestCOP, Inc. ongoing major or central operations.

Chart of Account Changes

The CFO and the Chief Executive Officer shall approve additions to, deletions from, or any other changes to the standard chart of accounts.

WestCOP, Inc. Fiscal Year

WestCOP, Inc. shall operate on a fiscal year that begins on August 1 and ends on July 31. Any changes to the fiscal year of the Organization must be ratified by a majority vote of WestCOP, Inc. Board of Directors.

Accounting Estimates

WestCOP, Inc. shall utilize numerous estimates in the preparation of its interim and annual financial statements. These estimates include but are not limited to the following:

- Useful lives of property and equipment.
- Fair market value of investments.
- Fair market value of donated assets.
- Values of contributed services.
- Joint cost allocations.
- Allocations of certain indirect costs.
- Allocations of time/salaries.

The Chief Financial Officer, in collaboration with the Chief Executive Officer shall reassess, review, and approve all estimates yearly. All conclusions, basis, and other elements associated with each accounting estimate shall be documented in writing. All material estimates, and changes in estimates from one year to the next, shall be disclosed to the Finance/Audit Committee and external audit firm.

Journal Entries

All ledger entries that do not originate from a subsidiary ledger shall be supported by journal purchase orders, or other documentation, including an explanation of each such entry. Examples of such journal entries include:

- Recording of noncash transactions (i.e. In-Kind)
- Corrections of posting errors.
- Nonrecurring accruals of income and expenses.
- Adjusting and reclassification entries.

Certain journal entries, called recurring journal entries, occur in every accounting period. These entries may include but are not limited to the following:

- Depreciation of fixed assets.
- Amortization of prepaid expenses.
- Accruals of recurring expenses.
- Amortization of deferred revenue.

Recurring journal entries shall be supported by a schedule associated with the underlying asset or liability account or, in the case of short-term recurring journal entries or immaterial items, a memo explaining the purpose of the transaction and the signature of the authorizer.

All journal entries not originating from subsidiary ledgers shall be authorized in writing on the posted transactions report by initialing or signing the entries. The CFO or his/her designee shall review and approve all journal entries.

BUDGETING

Budgeting is an integral part of managing any organization in that it is concerned with the translation of organizational goals and objectives into financial and human resource terms. The budget for WestCOP, Inc. shall be designed and prepared to direct the most efficient and prudent use of the Organization's financial and human resources. The budget shall serve as management’s commitment of a plan for present and future organizational activities that will ensure WestCOP, Inc. sustainability. The Organization’s budget shall provide an opportunity to examine the composition and viability of WestCOP, Inc. programs and activities simultaneously in light of the available resources.

Budgets shall also be prepared for funding sources, and each Program Director shall be aware of budget modification requirements. Awarding agencies may or may not require approval for changes in line items. WestCOP, Inc. shall document and follow all such requirements.

Preparation and Adoption

WestCOP, Inc. shall prepare an annual budget on the accrual basis of accounting. The Chief Financial Officer and Staff Accountant shall gather the proposed Organization-wide budget information from all Program Director(s), Department Manager(s), and others with budgetary responsibilities, and shall prepare the first draft of the budget. Budgets proposed and submitted by each department shall be accompanied by a narrative explanation of the sources and uses of funds and shall explain all material fluctuations in budgeted amounts from prior years.

After the appropriate revisions and a compilation of all department budgets by the CFO, in collaboration with the Staff Accountant, a final draft of the Organization-wide budget, as well as individual department budgets, shall be presented to the Chief Executive Officer for discussion, revision, and initial approval.

The revised draft shall then be submitted to the Finance/Audit Committee, and finally to the entire Board of Directors for adoption.

WestCOP, Inc. shall adopt a final budget at least 30 days before the beginning of the Organization’s fiscal year. The purpose of adopting a final budget at this time shall be to allow adequate time for the Fiscal Department to input the budget into the accounting system and establish appropriate accounting and

reporting procedures (including any necessary modifications to the chart of accounts) to ensure the proper classification of activities and a comparison of budget versus actual once the year begins.
Budgets for programs that are not on the Organization's fiscal year shall be prepared in accordance with awarding agency requirements.

Monitoring Performance

WestCOP, Inc. shall monitor its financial performance by comparing and analyzing actual results with budgeted results. This function shall be accomplished in conjunction with the monthly financial reporting process described earlier.

On a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by the Fiscal Department and distributed to each employee with budgetary responsibilities. These individuals shall be responsible for responding with a written explanation of all budget variances in excess of 10% on a quarterly basis.
In addition, all Program Director(s) and Department Manager(s) shall submit monthly program operations performance (non-financial) reports to the Chief Executive Officer, and the Board of Directors, as well as the Head Start Policy Council if appropriate.

Budget and Program Revisions
2 CFR Part 200, Section 200.308

WestCOP, Inc. shall request prior approval from federal or state awarding agencies for any of the following program or budget revisions:

- Change in the scope or objective of the project or program, even if there is no associated budget revision requiring prior written approval.
- Change in a key person (Program Director, Department Manager, etc.) specified in the application or award document.
- The absence for more than three (3) months, or a 25% reduction in time devoted to the project, by the approved Program Director/Department Manager or principal investigator.
- The need for additional federal or state funding.
- The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa, if approval is required by the federal or state awarding agency.
- The inclusion, unless waived by the federal or state awarding agency, of costs that require prior approval in accordance with 2 CFR Part 200 Section 200.400 or similar state regulations.
- The transfer of funds allotted for training allowances (direct payment to trainees) or other restricted funding categories to other categories.
- Unless described in the application and funded in the approved awards, the subaward, transfer, or contracting out of any work under an award. (However, this provision does not apply to purchases of supplies, materials, equipment, or general support services).

Budget Modifications

After a budget has been approved by the Board of Directors and adopted by the Organization, reclassifications of budgeted expense amounts of less than $5,000 within a single department may be made by the Program Director(s) or Department Manager(s), with approval from the Chief Executive Officer.

Reclassifications of budgeted expense amounts across departments of greater than $5,000 shall be made only with the approval of the Chief Executive Officer.

INSURANCE

(2 CFR Part 200 Section 200.447 Insurance and Indemnification):

WestCOP, Inc. shall maintain a fiscally prudent, active risk management program that includes a comprehensive insurance package. The insurance package shall ensure the viability and continued sustainability of WestCOP, Inc. Management and the Board of Directors shall ensure that the Organization meets the insurance requirements of all its federal and state funding.

WestCOP, Inc. shall maintain adequate insurance against general liability, as well as coverage for buildings, contents, computers, fine arts, equipment, machinery, and other items of value.

Coverage Guidelines

As a guideline, WestCOP, Inc. shall arrange for the following types and levels of insurance as a minimum:

Type of Coverage	Amount of Coverage
Comprehensive Liability	$1,000,000
Umbrella Liability	$1,000,000
Automobiles for Employees, Volunteers, or Escorts	$1,000,000
Fidelity Bond	$125,000
Fire and Water Damage	Coverage for all items with acquisition cost greater than $1,000
Directors and Officers	$1,000,000
Theft	Coverage for all items with acquisition cost greater than $1,000
Workers' Compensation	To the extent required by law (or contractual obligations of the Organization)
Facilities Coverage for Fire and Weather Related Damage	Coverage at the minimum percentage of current replacement cost to ensure full replacement if necessary.

WestCOP, Inc. shall maintain a detailed listing of all insurance policies in effect. This listing shall include the following information, at a minimum:

- Description (type of insurance)
- Agent and insurance company, including all contact information
- Coverage and deductibles
- Premium amounts and frequency of payment

- Policy effective dates
- Date(s) premiums paid and check numbers

Insurance Definitions

Workers' Compensation and Employer's Liability
WestCOP, Inc. and its Contractors shall be required to comply with applicable federal and state workers' compensation and occupational disease statutes. If occupational diseases are not compensated under those statutes, they shall be covered under the employer's liability insurance policy, except when contract operations are so commingled that it would not be practical to require this coverage. WestCOP, Inc. shall review worker's compensation rates on an annual basis.

Fidelity Bond
For all personnel handling cash or preparing or signing checks, WestCOP, Inc. shall obtain insurance that provides coverage in a blanket fidelity bond. The specific needs of the Organization shall determine the dollar limit of this coverage.

Comprehensive Liability
This type of coverage may include directors, officers, and employee general liability insurance, buildings, contents, computers, fine arts, boilers, and machinery.

RECORD RETENTION
(2 CFR Part 200 Section 200.333 Retention Requirements for Records):

WestCOP, Inc. shall retain records as required by law and shall destroy the records when appropriate. All files, both hard copy and electronic shall be labeled with topic, year (if applicable), and destruction date. Electronic copies shall be saved in appropriate folders on the network storage device. Hard copies shall be stored in file cabinets or archived in the storage area. Archived hard copy files shall be stored in water and animal proof containers.

The destruction of records shall be approved by the Chief Executive Officer or designee and logged into the Organization's Destroyed Records Log. Review and purging of files shall take place on an ongoing basis, but must occur at least once per year, and must follow the minimum retention requirements outlined below.

The destruction of any documents containing social security numbers or any other "consumer data" as defined under federal laws and regulations shall be done via shredding using an approved shredding service provider.
WestCOP, Inc. Records Retention Policy shall consist of the following:

Records Description	Retention Schedule
Accident Reports/Claims (Settled Cases)	7 Years
Accounts Payable Ledgers and Schedules	7 Years
Accounts Receivable Ledgers and Schedules	7 Years

Audit Reports	Permanently
Bank reconciliations	3 Years
Bank Statements	3 Years
Chart of Accounts	Permanently
Cancelled Checks	7 Years
Contracts, Mortgages, Notes, and Leases: Expired	7 Years
Contracts, Mortgages, Notes, and Leases: Still in Effect	Permanently
Correspondence: General	2 Years
Correspondence: Legal/Important Matters	Permanently
Correspondence: Routine w/Customers or Vendors	2 Years
Deeds, Mortgages, and Bills of Sale	Permanently
Depreciation Schedules	Permanently
Duplicate Deposit Slips	3 Years
Employment Applications	3 Years
Expense Analyses/Expense Distribution Schedule	7 Years
Financial Statements: Year-End	Permanently
Financial Statements: Other	Optional
Garnishments	7 Years
General Ledger/Year-End Trial Balance	Permanently
Insurance Policies: Expired	3 Years
Insurance Records: Policies, Claims, Etc.	Permanently
Internal Audit Reports	3 Years +
Internal Reports	3 Years
Inventories	7 Years
Invoices: Customer/Vendors	7 Years
Journals	Permanently

Minute Books of Directors, Bylaws, Charters	Permanently
Notes Receivable Ledgers, Schedules	7 Years
Payroll Records, Summaries	7 Years
Personnel Records: Terminated	7 Years
Petty Cash Vouchers	3 Years
Physical Inventory Tags	3 Years
Property Records: Depreciation Schedules	Permanently
Purchase Orders: Purchasing Department Copy	7 Years
Purchase Orders: Other Copies	1 Year
Receiving Sheets	1 Year
Retirement and Pension Records	Permanently
Requisitions	1 Year
Sales Records	7 Years
Subsidiary Ledgers	7 Years
Tax Returns/Worksheets/Examination Reports/Documents Related to Income Tax Liability Determination	Permanently
Timesheets/Cards	7 Years
Trademark Registrations/Copyrights	Permanently
Training Manuals	Permanently
Voucher Register/Schedules	7 Years
Withholding Tax Statements	7 Years

Exception for Investigations

In connection with any ongoing or anticipated investigation into allegations of violations of federal and/or state laws or regulations, provisions of government awards, or violations of the Organization's Code of Conduct, the following exceptions shall be made to the preceding scheduled retention and/or destruction of records:

- All records related to the subject of the investigation or allegation shall be exempt from any scheduled record destruction.

- The term “records” shall also apply to any electronically stored record (e.g., documents stored on computers, email messages, etc.), which shall also be protected from destruction.

REVENUES GRANTS AND CASH RECEIPTS
(2 FR Part 200 Section 200.305 Payment; 2 CFR Part 200 Section 200.302 Financial Management):

Revenue Recognition Policies
(2 CFR Part 200 Section 200.307 Program Income):

WestCOP, Inc. receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements in the following manner:

1. Grant Income - Monthly accrual based on incurrence of allowable costs (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards).
2. In-Kind Contributions - Recognized as income when received. (Please refer to the section entitled “Cost Sharing and Matching” for additional information on In-Kind Contributions).
3. Nongovernmental Cash Contributions - Recognized as income when received, unless accompanied by restrictions or conditions. (Refer to the section entitled “Contribution Income” for additional information on Nongovernmental Cash Contributions).
4. Fee-for-Service Income - Recognized as income when services are rendered unless the collection of amounts due is in question. In such case, revenue is recognized when payments are received. Monthly accrual.

Immaterial categories of revenue may be recorded on the cash basis of accounting (i.e. recorded as revenue when received) as deemed appropriate by the CFO and the Chief Executive Officer.

Refund of Revenue Policy

Grant payments shall be refunded if, at the completion of accounting for all activities, the Fiscal Department calculates an overpayment. In addition, a funding source may request a refund based upon information gathered during a monitoring visit or upon review of the final report submission. The CFO shall work with the appropriate program director to assure such calculations are correct, and to approve the refund.

Definitions

The following definitions shall apply with respect to the policies described in this manual:

Contribution - An unconditional transfer of cash or other assets to the Organization, or a settlement or cancellation of the Organization’s liabilities, in a voluntary nonreciprocal transfer by another entity or individual.

Condition - A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets it has transferred to the Organization or releases the promisor from its obligation to transfer its assets. This means a donor has imposed some type of stipulation other than a purpose or time period stipulation (which is defined as a “Restriction” below) and that condition has some degree of uncertainty as to whether or not it will occur, and if the condition is not met, the Organization is not entitled to the contribution. Conditions may or may not be within the Organization’s control.

Restriction - A donor-imposed stipulation that specifies a use for the contributed asset that is either limited to a specific future time period or is more specific than the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in the Articles of Incorporation and Bylaws. Restrictions on the use of an asset may be temporary or permanent.

Nonreciprocal Transfer - A transaction in which an individual or entity incurs a liability or transfers assets to WestCOP, Inc. without directly receiving value in exchange.

Promise to Give - A written or oral agreement to contribute cash or other assets.

Exchange Transaction - A reciprocal transaction in which WestCOP, Inc. and another entity each receive and sacrifice something of approximately equal value.

Administration of Federal Awards

WestCOP, Inc. shall be responsible for the effective and efficient administration of all federal, state, corporate, and private foundation awards. The Organization may receive financial assistance from a donor/grantor agency through the following types of agreements:

- Grant: A financial assistance award given to the Organization to carry out its mission.
- Contract: A mutually binding legal agreement where the Organization agrees to provide supplies or services and the funder agrees to pay for them.
- Cooperative Agreement: A legal agreement where the Organization implements a program with the direct involvement of the funder.

Throughout this manual, federal assistance received in any of the above-mentioned forms will be referred to as a federal “award.”

Preparation and Review of Proposals

The individual divisions (e.g. Early Childhood Education Department) of WestCOP, Inc. shall be responsible for preparing proposals for projects that the division intends to pursue. The individual divisions shall complete the WestCOP, Inc. Request to Pursue Grant Opportunity form for all funding pursuits, and submit the completed form to the Chief Executive Officer for approval. All proposals shall be reviewed by the Chief Executive Officer prior to submission to the government agencies or other funding sources to ensure the proposed budget includes all appropriate costs. Final proposals shall be reviewed and approved in writing by the Board of Directors (BOD).

All grant applications shall be approved by the BOD. The Board of Directors shall also approve the acceptance of all grants. The BOD shall be involved in all decisions concerning new funding sources. In addition, the Organization may refuse to consider all grants under a certain threshold based upon the cost/benefit of administering such awards. Once a proposal has been approved, it shall be submitted to the appropriate government agency or other funding source. A copy of the proposal and all supporting documentation shall then be forwarded to the Chief Executive Officer and Grant Manager (if applicable).

Note: The Early Head Start Policy Council must approve the Early Head Start grant application(s) prior to submission to the appropriate funding source.

Compliance with Laws, Regulations, and Provisions of Award

As a recipient of federal and funds, WestCOP, Inc. recognizes the Organization is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. The following policies shall be applicable to every grant or contract received directly or indirectly from a federal or state agency:

- For each federal or state award, an employee within the department responsible for administering the award will be designated as "Program Manager" (PM) and Grant Compliance Manager.
- Each Program Manager/ Grant Compliance Manager shall attend a training on grant management prior to beginning the role as Program Manager (or as early in their functioning as a PM as practical) or Grant Compliance Manager. Thereafter, all Program Managers and Grant Compliance Managers shall attend refresher/update courses on grant management every two (2) years.
- The Program Manager/Grant Compliance Manager shall take the following steps to identify applicable laws, regulations, and provisions of each grant and contract.
    - Read each award and prepare a summary of key compliance requirements and references to specific laws and regulations.
    - Review 2 CFR Part 200 Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Award (Uniform Guidance).
    - Review the section of the Catalog of Federal Domestic Assistance (CFDA) applicable to the award.
    - The Program Manager shall communicate grant requirements to those who will be responsible for carrying them out, or impacted by them.
- The Fiscal Department shall forward copies of applicable laws and regulations to the Program Manager (e.g. CFR, OMB Circulars, pertinent sections of compliance supplements, and other regulations).
- The Program Manager and/or the Fiscal Department shall identify and communicate any special changes in policies and procedures necessitated by federal and state awards as a result of the review of each award.
- The Program Manager shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but are not limited to the following:
    - Reviewing subsequent grant and contract renewals, reviewing annual revisions of contracts and grants.
    - Reviewing annual revisions to the Code of Federal Regulations (CFR) Compliance Supplement.
    - Reviewing communications with federal awarding personnel.
- All WestCOP, Inc. staff shall cooperate and inform the independent auditors of applicable laws, regulations, and provisions of contracts and grants. All WestCOP, Inc. staff shall also

communicate known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the Grant Compliance Manager and auditors.

- The Grant Compliance Manager shall ensure compliance with all applicable laws, regulations, and provisions of contracts and grants, and shall monitor and document grant revenue and expenditures.

Document Administration

For each grant/award received by WestCOP, Inc. from federal, state or local government agency, a master file of documents applicable to the award shall be prepared and maintained. The responsibility for assembling each master file shall be assigned to the CFO and the Program Director assigned to administer the program. The Chief Executive Officer shall also have access to the file.

The master file assembled for each government award shall include all of the following documents (including originals of all documents received from the awarding agency):

- Copy of the initial application for the award and corresponding budget
- All correspondence to and from the awarding agency post-application, leading up to the award.
- The final approved budget and program plan, after making any modifications.
- The grant agreement and any other documents associated with the initial making of the award.
- Copies of pertinent laws and regulations, including awarding agency guidelines, associated with the award.
- Subsequent correspondence to/from the awarding agency.
- Results of any monitoring visits conducted by the awarding agency, including resolution by WestCOP, Inc. of any findings arising from visits.
- Correspondence and other documents resulting from the closeout process of the award.

The preceding grant document file shall be organized into four (4) sections as follows:

1. Pre-Award Documents
2. Post-Award Documents (including reports)
3. Laws, Regulations, and Agency guidelines
4. Audit/Monitoring-related Documents

The official grant document file for all WestCOP, Inc. programs, with all original signatures and full documentation for all sections (see above), shall remain in the office of the CFO or the Chief Executive Officer, in a locked filing cabinet, so that its safekeeping and access for audit purposes can be ensured. Any WestCOP, Inc. employee making a valid request for access to the grant documents shall be provided with a copy of the requested documents.

NON-GOVERNMENTAL CONTRIBUTIONS

To ensure Westchester Community Opportunity Program, Inc. complies with state rules on soliciting contributions and to properly account for contributions received/made.

Major Controls

1. **Separate Fund for Restricted Contributions**

Contributions received for restricted purposes will be accounted for in separate funds.

2. Accounting Reports to Donors

Regular accounting reports will be sent to donor's summarizing the receipt, use, management and disposition of all contributions, when required.

3. State Filing and Reporting

Westchester Community Opportunity Program will comply with the filing and reporting requirements in each state it solicits contributions.

4. Annual Audit of Contributions

A qualified public accounting firm will conduct an audit of all contributions received and held in accordance with SFAS No. 116, as part of the overall audit of Westchester Community Opportunity Program.

5. Internal Accounting Controls

a. Use of contribution acknowledgement letter
b. Separation of duties between managing contributions and accounting for contributions.

Procedures

1. General

a. Westchester Community Opportunity Program will register annually in each state it solicits contributions as required.
b. Annually, Westchester Community Opportunity Program will file an annual return with each state in which it is authorized to solicit contributions as well as the IRS Form 990 with the Internal Revenue Service.

2. Contributions of Checks and Cash

a. All contributions in the form of checks, cash or credit cards received in the mail will be recorded and delivered to the designated persons on the day they are received or as soon as time permits.
b. For all contributions, the Executive Director will prepare and mail to the donor an acknowledgement for the contribution. The acknowledgment must include:
   i. The amount of cash and a description of any other property contributed,
   ii. A statement if Westchester Community Opportunity Program, Inc. provided any goods or services in return for the contribution, and
   iii. A description and an estimated value of the item provided if Westchester Community Opportunity Program, Inc. provided something in return for the contribution.

3. Quid Pro Quo Contributions

Some contributions are considered quid pro quo contributions since the donor receives something in return. All quid pro quo contributions greater than $75 must be accompanied by a memo which includes both the payment for the items received and an overall estimate of the fair market value of the goods or services received by the donor in return for the contribution. The donor will receive a charitable contribution deduction for the amount in excess of the fair market value of the goods or services received. This disclosure should explain that the amount of the deductible contribution for federal income tax purposes is the excess of the amount of money and/or property contributed over the value of the goods or services provided by the charity. The disclosure will be made in a manner that is reasonably likely to be noticed by the donor.

4. Contributions of Securities (when applicable)

  a. For the transfer of securities certificates or their ownership to Westchester Community Opportunity Program, the certificates will be delivered by certified or registered mail, or by hand.
  b. A stock power form signed by the donor and naming the organization as transferee, will be prepared and formally executed.
  c. A contribution acknowledgement letter will be prepared by the Executive Director and sent to the donor.

5. Contributions of Personal Property

  a. Personal property may be accepted when it can be readily sold or used in connection with the mission of the organization.
  b. A contribution of personal property in excess of $5,000.00 will be appraised by a certified professional appraiser and a copy of the appraisal must accompany the gift. (The cost of the appraisal will be borne by the donor.)
  c. A contribution acknowledgement letter will be prepared by the Executive Director when a gift of personal property is accepted.
  d. For personal property received and sold within two years of its receipt, Westchester Community Opportunity Program will complete IRS Form 8282, Done Information Return to Report the Sale, Exchange or Other Disposition of Charitable Deduction Property, and submit it to IRS.

6. Contributions of Real Estate

  a. Real estate in the form of a residence, business, commercial building, undeveloped land, etc., may be accepted provided an environmental and toxic waste review has been conducted and the property can be sold or used in the mission of the organization. The donor will provide a certified appraisal performed within 60 days of the contribution.
  b. Upon acceptance, a contribution acknowledgement letter will be completed by the Executive Secretary signed by the Executive Director and sent to the donor.

OTHER REVENUES

Control Objective

To ensure that other revenues are accurately and completely recorded on a current basis.

Major Controls

1. Preparation and Analysis of Other Revenue Schedule (when applicable).
2. For rental transactions, and deferred income, a schedule will be prepared to reflect when income is earned vs. when cash or other assets are received.
3. Review of Other Revenue Schedule
4. The other revenue schedule will be reviewed and updated on a periodic basis and the books of account adjusted to reflect any changes in revenue.

Procedures

1. Rental Income

    a. On a monthly basis, an entry to accounts receivable and to the other income account will be recorded for rental income earned based upon a schedule of rents.

    Rent prepayments will be recorded as an unearned income/liability until the designated time when the prepayment is earned

Closeout of Federal Awards and State Awards

(2 CFR Part 200 Section 200.343 Closeout):

WestCOP, Inc. shall follow the closeout procedures described in 2 CFR Part 200.343 and in the grant, agreements as specified by the granting agency for all federal and, as applicable, state awards.

WestCOP, Inc. and all sub-recipients shall liquidate all obligations incurred under the grant or contract within 120 days of the end of the grant or contract agreement. (2 CFR 200.344 The Closeout of Federal and State Awards shall be communicated to all key WestCOP, Inc. staff and executive leadership to ensure that all grant obligations have been met.

COST SHARING AND MATCHING

(IN-KIND/NON-FEDERAL SHARE) (2 CFR Part 200 Section 200.306 Cost Sharing or Matching): The lead accountants share the responsibility for the oversight of the match contributions. This oversight function includes tracking and recording the match contributions into the general ledger. To track the in-kind contributions, the lead accountant creates a spreadsheet, which is maintained monthly and includes the donor's name, a description of the donation, its value, and data, such as receipts, and time sheets, which are required for volunteer services. This tracking information provides the basis for the journal entry into the general ledger, which serves as an additional tracking device. The journal entry is a debit to in-kind expense and a credit to in-kind revenue. WestCOP received a waiver of its matching requirement but if WestCOP had a future matching requirement, it would be reported on line J of the FFR

WestCOP, Inc. shall value contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or federal agency regulations identify specific values to be used. The Agency shall claim contributions as meeting a cost sharing or matching requirement of a federal award only if all of the following criteria are met:

- They are verifiable from WestCOP, Inc. records.
- They are not included as contributions (or match) for any other federally-assisted project or program.
- They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
- They are allowable under the federal cost principles, 2 CFR 200.300.
- They are not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing or matching.
- They are provided for in the approved budget when required by the federal awarding agency.
- They conform to all provisions of federal administrative regulations, 2 CFR Part 200.
- In the case of donated space (or donated use of space), the space is subject to an independent appraisal to establish its value.

Valuations and Accounting Treatment

In-kind typically falls into one of the following categories:

- Cash
- Space, buildings, land, and equipment
- Donated time and services (e.g., parent time or professional services)
- Supplies

The following sections discuss the valuation and accounting treatment for each category.

Cash - WestCOP, Inc. recognizes cash as currency issued in notes or coins.

- WestCOP, Inc. shall recognize cash contributions as in-kind income in the period in which they are spent on allowable program costs.
- Any discounts received on goods or services are recognized as in-kind only if such discounts are not available to the general public.

Space, Buildings, Land, and Equipment - If the purpose of the contribution is to assist the Organization in the acquisition of equipment, building, or land, the total value of the donated property may be claimed as matching with prior approval of the awarding agency.

If the purpose of the donation is to support activities that require the use of equipment, buildings, or land, depreciation or use charges (e.g. rent) may be claimed as matching, unless the awarding agency has approved using the full value as match.

Equipment, land, or buildings are valued at their fair market value as determined by an independent appraiser. Information on the date of the donation and records from the appraisal shall be maintained in a property file.

Space:

- Shall be valued at the fair market value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality based on a certified licensed appraiser.
- Information on the date of the donation and records from the appraisal shall be maintained in a property file.

- If less than an arm's-length transaction, shall be valued based in actual allowable costs not to exceed fair market value.

Donated Time and Services - Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor shall be included as in-kind if the services are an integral and necessary part of the program. Examples of contributed services received and recorded as incomes and expense by WestCOP, Inc. shall include but are not limited to the following:

- Local firefighting/police personnel doing presentations on safety practices and fire safety.
- Dentists and dental hygienists volunteering time for dental days.
- Parents working with their children on projects outlined by the teaching staff that are aligned with the goals of the Early Head Start curriculum and included in the child's lesson plans.
- Parents volunteering in the classroom.

Volunteer services shall be valued at rates consistent with those paid for similar work within the Organization. Volunteers for the EHS program that work with the children or help support the education program will be computed at the cost of the teacher's salary plus the teacher's fringe benefits. For skills not found within the Organization, rates shall be consistent with those paid for similar work within WestCOP, Inc. geographic labor market. Rates shall include gross hourly wages plus fringe benefits calculated based on fringe benefits received by employees in similar positions, or on an agency average. All other volunteers will be valued at fair market values for those types of services.

Volunteers shall possess qualifications and perform work requiring those skills in order to be valued at greater than an unskilled rate.

WestCOP, Inc. shall require volunteers to document and account for their contributed time in a manner similar to the timekeeping system followed by employees. Each program that uses volunteers shall provide the volunteers with a sign-in sheet, which records the following information:

- Date service was performed
- Volunteer name
- Name and location of the site worked
- Hours donated
- Service provided
- Signature of the volunteer
- Signature of WestCOP, Inc. personnel to verify the accuracy of the information reported on the sign-in sheet.

The sign-in sheets shall be delivered to and maintained by Compliance to be tallied, valued, and recorded as in-kind in the accounting records.

Supplies - Donated supplies shall be used in the program and shall be valued at the fair market value at the time of the donation. Supplies shall be counted as match only if the program would have purchased such items itself.

CASH RECEIPTS
(2 CFR Part 200 Section 200.303 Internal Controls):

Cash (including checks payable to the Organization) is the most liquid asset an organization has. Therefore, WestCOP, Inc. shall establish and follow the strongest possible internal controls in this area.

Processing of Checks and Cash Received

The following procedures shall be followed:

- About ninety-five per cent of all cash receipts are received at the central office and five per cent, is received at the program sites. The procedures for checks or cash, which are received at the central office are as follows:
- Mail shall be sorted by the HR Director and all cash/checks received shall be given to the staff accountant who is responsible for preparing the deposits and depositing the funds into the bank. The HR Director shall not be involved in the accounts receivable or accounts payable process. If an individual personally delivers a check/cash, it will be handled as though it were received via mail.
- The HR Director shall prepare a list of the cash/checks received and a copy of this list must be given to the CFO
- On that same day the staff accountant deposits the funds, a copy of the bank transaction receipt shall be given to CFO as proof of deposit.
- The Lead Accountants or their designees who do not have conflicting functions shall record the bank deposits in the Accounts Receivable Ledger.

For cash or checks, which are received at the program sites, the director opens the mail and compiles a list of the checks or cash and gives it to the administrative assistant for deposits. The director compares the list with the deposit slip from the bank and sends a copy of the checks and deposit slips to the CFO daily.

Endorsement of Checks

All checks received that are payable to Organization shall be restrictively endorsed by the Executive Assistant when preparing the weekly deposit. The restrictive endorsement shall be a rubber stamp that included the following information:

- For Deposit Only
- WestCOP, Inc.
- The bank name
- The WestCOP, Inc. bank account number

Timeliness of Bank Deposits

Bank deposits shall be made at least on a daily basis, unless the circumstances warrant otherwise. Checks and cash that have not been deposited shall be maintained in the locked vault /safe in the Fiscal Department until deposited. Non-deposited cash shall not be used as petty cash or to make change.

Credit Cards Processing

WestCOP, Inc. shall ensure that credit card donations are forwarded immediately to Fiscal Department for processing. All incoming contents shall be date stamped, copied, and logged using the Fiscal

Department Control Sheet. The Staff Accountant shall process the credit card information through the following process:

- Record the gift information in the Organization's database.
- Generate the daily gift detail report to verify incoming contributions.
- Executive Assistant shall generate and review the Acknowledgement letters for errors or revisions.
- Letters for monetary gifts that are valued at $250 or above shall be forwarded to the Chief Executive Officer for a live signature.
- Monetary gifts valued under $250 can be processed with an electronic signature.
- Each Donation letter shall be copied, filed and mailed thereafter.

To protect donor information and ensure accuracy, all donor forms shall be sent to the Central Office for processing.

Reconciliation of Deposits

On a periodic basis, the Staff and Lead Accountants shall reconcile the listings of receipts to bank deposits on the monthly bank statement. Any discrepancies shall be immediately investigated.

Revenue and Cash Receipts

WestCOP, Inc. shall strive to maintain adequate segregation of duties in its income and cash receipts functions. The CFO will monitor Control and adjust job duties as deemed appropriate.

Processing and Recording Receipts

A. Processing

Receipts are batched for purposes of entry into the accounting system, using the deposit ticket itself as the basis for the batch. This batch system is to include:

1. Cover Sheet

This sheet documents the status of a batch's processing. It contains a unique batch identification number and has space to document steps taken and a place to record the batch total.

2. Batch Total

This is computed by adding the total of the deposit tickets. The accounting system calculates the total debit to cash. When both totals agree, there is assurance that all the amounts have been entered accurately and only once.

3. Cancellation

The fiscal department stamps each remittance receipt to indicate that it has been entered into the Abila MIP Accounting System.

4. Recording

When the batch has been entered, a cash receipts journal is printed and compared with the batch totals. Any differences are investigated and resolved prior to closing the month.

B. Maintaining Cash Receipts Documentation

Remittance batches, with their batch cover sheet, are filed in chronological order by month. These are transferred to storage after the annual audit is completed.

C. Processing of Wire Transfers

Government contracts which execute payments via wire transfer remit a wire transfer advice indicating the date and amount of the funds to be deposited. This wire transfer advice is processed in the same fashion as a deposit to the bank.

Drawdown Policy

When Federal government grants permit drawdowns from the U.S Treasury, the fiscal department utilizes electronic fund transfer via telephone or online request. WestCOP drawdown procedures are in accordance with 2 CFR Chapter II, Subpart D, and Section 200.305, which permits funds to be drawn down for immediate cash needs or on a reimbursement basis. Pursuant to Executive Order 14222, which has also been referred to as Defend the Spend, WestCOP shall ensure enhancing transparency and accountability of federal funding by implementing this new rule. When requesting a drawdown of the awarded funds, a new mandatory field will be created at a sub-account level that requires payment justification explaining the purpose of the requested funds. Furthermore, Federal funds should be dispersed within 72 hours of the deposit into your account, and they should not be collecting interest.

2 CFR Chapter II, Subpart D, and Section 200.305

(a) Payments for States. Payments for States are governed by Treasury-State Cash Management Improvement Act (CMIA) agreements and default procedures codified at 31 CFR part 205 and Treasury Financial Manual (TFM) 4A-2000, “Overall Disbursing Rules for All Federal Agencies.”

(b) Payments for recipients and sub recipients other than States. For recipients and sub recipients other than States, payment methods must minimize the time elapsing between the transfer of funds from the Federal agency or the pass-through entity and the disbursement of funds by the recipient or sub recipient regardless of whether the payment is made by electronic funds transfer or by other means. See § 200.302(b)(6). Except as noted in this part, the Federal agency must require recipients to use only OMB-approved, government-wide information collections to request payment.

(1) The recipient or sub recipient 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 recipient or sub recipient, and financial management systems that meet the standards for fund control and accountability as established in this part.

Advance payments to a recipient or sub recipient must be limited to the minimum amounts needed and be timed with actual, immediate cash requirements of the recipient or sub recipient 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 recipient or sub recipient for direct program or project costs and the proportionate share of any allowable indirect costs. The recipient or sub recipient must make timely payments to contractors in accordance with the contract provisions.

(2) Whenever possible, advance payment requests by the recipient or sub recipient must be consolidated to cover anticipated cash needs for all Federal awards received by the recipient from the awarding Federal agency or pass-through entity.

(i) Advance payment mechanisms must comply with 31 CFR part 208 and include, but are not limited to, Treasury checks and electronic funds transfers.

(ii) Recipients and sub recipients must be authorized to submit payment requests as often as necessary when electronic fund transfers are used or at least monthly when electronic transfers are not used. See Electronic Fund Transfer Act (15 U.S.C. 1693-1693r).

(3) Reimbursement is preferred when the requirements in paragraph (b) cannot be met, when the Federal agency or pass-through entity sets a specific condition per § 200.208, when requested by the recipient or sub recipient, when a Federal award is for construction, or when a significant portion of the construction project is accomplished through private market financing or Federal loans and the Federal award constitutes a minor portion of the project. When the reimbursement method is used, the Federal agency or pass-through entity must make payment within 30 calendar days after receipt of the payment request unless the Federal agency or pass-through entity reasonably believes the request to be improper.

(4) If the recipient or sub recipient cannot meet the criteria for advance payments and the Federal agency or pass-through entity has determined that reimbursement is not feasible because the recipient or sub recipient lacks sufficient working capital, the Federal agency or pass-through entity may provide cash on a working capital advance basis. Under this procedure, the Federal agency or pass-through entity must advance cash payments to the recipient or sub recipient to cover its estimated disbursement needs for an initial period generally aligned to the recipient's or sub recipient’s disbursing cycle. After that, the Federal agency or pass-through entity must reimburse the recipient or sub recipient for its actual cash disbursements. Use of the working capital advance payment method requires that the pass-through entity provide timely advance payments to any sub recipients to meet the sub recipient’s actual cash disbursements. The pass-through entity must not use the working capital advance method of payment if the reason for using this method is the unwillingness or inability of the pass-through entity to provide timely advance payments to the sub recipient to meet the sub recipient’s actual cash disbursements.

(5) If available, the recipient or sub recipient must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on Federal funds before requesting additional cash payments.

(6) Payments for allowable costs must not be withheld at any time during the period of performance unless required by Federal statute, regulations, or in one of the following instances:

(i) The recipient or sub recipient has failed to comply with the terms and conditions of the Federal award; or

(ii) The recipient or sub recipient is delinquent in a debt to the United States as defined in OMB Circular A-129, “Policies for Federal Credit Programs and Non-Tax Receivables.” Under such conditions, the Federal agency or pass-through entity may, after providing reasonable notice, withhold payments to the recipient or sub recipient for financial obligations incurred after a specified date until the conditions are corrected or the debt is repaid to the Federal Government.

(7) A payment withheld for failure to comply with the terms and conditions of the Federal award must be released to the recipient or sub recipient upon subsequent compliance. When a Federal award is suspended, payment adjustments must be made in accordance with § 200.343.

(8) A payment must not be made to a recipient or sub recipient for amounts that the recipient or sub recipient withholds from contractors to assure satisfactory completion of work. Payment must be made when the recipient or sub recipient disburses the withheld funds to the contractors or to escrow accounts established to ensure satisfactory completion of work.

(9) The Federal agency or pass-through entity must not require separate depository accounts for funds provided to the recipient or sub recipient or establish any eligibility requirements for depositories. However, the recipient or sub recipient must be able to account for all Federal funds received, obligated, and expended.

(10) Advance payments of Federal funds must be deposited and maintained in insured accounts whenever possible.

(11) The recipient or sub recipient must maintain advance payments of Federal funds in interest-bearing accounts unless one of the following applies:

(i) The recipient or sub recipient receives less than $250,000 in Federal funding per year;

(ii) The best available interest-bearing account would not reasonably be expected to earn interest in excess of $500 per year on Federal cash balances;

(iii) The depository would require an average or minimum balance so high that it would not be feasible with the expected Federal and non-Federal cash resources;

(iv) A foreign government or banking system prohibits or precludes interest-bearing accounts; or

(v) An interest-bearing account is not readily accessible (for example, due to public or political unrest in a foreign country).

(12) The recipient or sub recipient may retain up to $500 per year of interest earned on Federal funds to use for administrative expenses of the recipient or sub recipient. Any additional interest earned on Federal funds must be returned annually to the Department of Health and Human Services Payment Management System (PMS) through either the Automated Clearing House (ACH) network or a Fedwire Funds Service payment. All interest in excess of $500 per year must be returned to PMS regardless of whether the recipient or sub recipient was paid through PMS. Instructions for returning interest can be found at https://pms.psc.gov/grant-recipients/returning-funds-interest.html.

(13) All other Federal funds must be returned to the payment system of the Federal agency. Returns should follow the instructions provided by the Federal agency. All returns to PMS should follow the instructions provided at https://pms.psc.gov/grant-recipients/returning-funds-interest.html.

Funds that will be used in the immediate future must be expended within 72 hours of receipt of WestCOP's drawdown.

WestCOP draws down funds on a reimbursement basis, the Lead Accountant in the fiscal department performs a cash analysis, which shows the year-to-date expenses incurred on behalf of the applicable program less the previous year-to-date drawdowns and present the net unfunded expenses to the CFO for approval. All payment requests through the Payment Management System (PMS) require proper justification, which is a new processing step that was created to enhance transparency and accountability for federal

To receive an approval of WestCOP's payment requests, WestCOP is required to summarize the use of the funds in alignment with its approved funding requests. If these approved activities or the use of the funds should be related to what has already been awarded through its baseline application, its continuation application, or any amendment request that has been approved, amendment requests may come in the form of a budget revision, a one-time supplement or a carryover.

WestCOP is required to provide short summaries outlining the purpose of the funds and include details for each cost category as provided on its notice of award.

The other steps in the drawdown process are as follows:

a) The CFO authorized document is used to initiate the drawdown of the requested funds. The Lead accountant initiates an online request under a password protected system.
b) The CFO checks the online bank account to confirm the arrival of the funds via the automated banking system.
c) The Staff Accountant prepares the journal entry to record the receipt of funds. The staff accountant's supervisor and/or Fiscal Controller reviews and approves the journal entry.
d) Once approved, the Lead Accountant inputs the journal entry into the software accounting system
e) The journal entry is filed numerically, by month.
f) Pass-through grants are handled by reimbursement and are not subject to the above electronic fund transfer procedures.
g) The Payment Management System (PMS) reports are prepared quarterly, semi-annually and annually by the accountant and is submitted over the internet

GRANTS RECEIVABLE MANAGEMENT
(2 CFR Part 200 Section 200.300-309 Standards for Financial and Program Management):

Monitoring and Recognition
WestCOP, Inc. shall record grants receivable and income as follows:

- Upon receipt of the contract advance cash is debited and contract advance is credited".
- During the year, when WestCOP incurs the expenses, accounts receivable is debited, and grant income is credited. When the submitted vouchers are reimbursed, accounts receivable is credited and cash and contract advance debited.
- In order to comply with GAAP requirements, at the end of the fiscal year, the remaining deferred amount shall offset the remaining receivable, and the advance shall be recorded as deferred revenue.

ACCOUNTS RECEIVABLE MANAGEMENT
(2 CFR Part 200 Section 200.302 Financial Management):

Monitoring and Reconciliations
On a monthly basis, the Fiscal Department shall reconcile a detailed accounts receivable report (showing aged, outstanding invoices by customer) to the general ledger. The CFO shall review the reconciliation and ensure that all differences are immediately investigated and resolved. All credits shall be authorized by the Program Director(s) or Department Manager(s) as applicable.

Credits and Other Adjustments to Accounts Receivable

In the event that credits against accounts receivable from transactions other than payments and bad debts occur (e.g., returned products and adjustments for billing errors), the CFO shall process credits and adjustments to Accounts Receivable. All credits shall be authorized by the Program Director(s) or Department Manager(s) as applicable.

Note: Bad debt write offs are not allowable costs for federal grants.

Accounts Receivable Write-Off Authorization Procedures

All available means of collecting accounts receivable shall be exhausted before write-off procedures are initiated. Write-offs shall be initiated by the department associated with the amount to be written off, in conjunction with the Fiscal Department. If an account receivable is deemed uncollectible, the following approvals shall be required before a write-off is processed:

Amount	Authorized in Writing By
Less than $1,000	CFO
$1,001 or more	Chief Executive Officer

Once a write-off has been processed, appropriate individuals in the originating department shall be advised so that further credit is not granted and therefore the master list of bad accounts can be updated. Customers listed as poor credit risks shall be extended future credit only if the back debt is paid and the customer is no longer deemed a collection problem.

If write-off procedures have been initiated, the following accounting treatment shall apply:

- Current year invoices that are written off shall either be charged against an appropriate revenue or revenue adjustment account, or against the original account credited.
- Invoices written off that are dated prior to the current year shall be written off against net assets.

ACCOUNTS RECEIVABLE PROCEDURES

In this section, the procedures are described that cover invoicing, billing, and other receivables.

A. INVOICING & VOUCHERING
Control Objective

To ensure claims for services rendered are accurately recorded on a timely basis.

Major Controls

Invoicing Policy
- Invoices will be prepared on a timely basis as indicated by the contract or agreement.

Invoices Used

- Westchester Community Opportunity Program will use the claim form designated by the funding source or forms designated for use by Westchester Community Opportunity Program.

Control Objective

To ensure that contract billings are adequately supported and reflect the requirement of contractual terms and conditions. To ensure that unbilled items are identified and properly classified.

Major Controls

1. Segregation of Unallowable Costs

Accounts are maintained in the program accounts for explicitly unallowable costs.

2. Internal Review

Supporting documentation for a sampling of invoices is reviewed periodically.

3. Internal Accounting Controls
- All invoices reconciled with the program account summaries
- Separation of duties between the preparation of the invoice and its review and approval.

Procedures

1. On a timely basis, program entries will be reviewed and recorded automatically on a standard customer invoice.
2. Any unallowable or non-billable costs will be excluded from claimed direct and indirect costs.
3. Any fee retention will be withheld and recorded automatically as an unbilled receivable.
4. All vouchers will be reviewed for accuracy and completeness. before submission to the funding source. The review will cover four areas:
    - A comparison of expenditures versus the approved contract budget, by budget line item
    - A comparison of current reimbursed expenditures versus the approved contract budget
    - Documented analysis as to whether the current contract budget supports further reimbursement of the cost.
    - Cancelled checks and bank statements or proof of ACH.

    The review will be conducted at 2 levels. The first level review will be done by the person that prepares the vouchers. The second level review will be conducted by the Fiscal Director. Prior to the submission of any voucher, the Fiscal Director must provide his signed approval.

    WestCOP will document this review with the use of a four-column document. The first column will show the four review areas, the second column will have the name and title of the reviewing person and the third column will bear their signatures and the last column will show the sign-off date
5. Vouchers will be entered into the respective Accounts Receivable Account and submitted to the funding source.
6. Copies of all vouchers and supporting documents will be filed with the appropriate program bookkeeper.
7. All claims/invoices receivable will be reviewed periodically for follow up.

EXPENSE RECOGNITION POLICIES

WestCOP, Inc. incurs expenses from several types of transactions. Expense from each of these types of transactions is recognized in the financial statements in the following manner:

Grant Expense - Monthly accrual based on incurrence of allowable costs (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards).

- In-Kind Expense - Recognized as expense when service is rendered or whenever goods are received or space is utilized.
- Nongovernmental Expense - Recognized as expense when incurred, unless accompanied by restrictions or conditions.

EXPENSE AND CASH DISBURSEMENTS

Control Objective

To disburse cash for authorized purposes and record cash disbursements completely and accurately.

Major Controls

A. Cash Disbursement Policies

The practice of pre-signing blank checks is a specific violation of the internal control structure.

Check preparation and signature will be delayed until the due date, consistent with available discounts.

B. Internal Accounting Controls:

1. Use of pre-numbered checks
2. Use of special check protective paper or check imprint
3. Adequate control over the custody and use of signature plates
4. Maximum dollar limits set for each check payment
5. Match disbursement records against accounts payable.
6. Bank statements reconciled to cash accounts and any outstanding checks evaluated by a supervisor or an employee with responsibilities independent of accounts payable and cash disbursement
7. Supporting documentation canceled to prevent resubmission for payment
8. Detailed comparison of actual vs. budgeted disbursements
9. Bank reconciliations assigned to personnel on a rotating basis or designated person independent of those posting or recording activities.
10. Separation of duties.

Procedures

1. When the transaction is complete the lead accountant, who is independent of the approval process, prepares a pay order and attach all supporting documentation: vendor invoice, purchase order, payroll record, petty cash voucher, tax return, and loan repayment schedule or remittance advice.

2. A pre-numbered check will be prepared by the accounts payable specialist with responsibilities independent of cash management.

3. The CFO compares the checks with the voucher and related documents and authorizes the disbursements

4. Authorized signatories - On an annual basis, the Fiscal Director submits a list of bank/trust accounts and authorized signers.

5. All disbursement checks and manually prepared payroll checks require the signature of two authorized signers. Checks in the amount of $5,000.00 or less may be signed by two authorized senior staff persons, namely, the CEO/Executive Director and the

Director of Early Childhood Education. If the amount of the check exceeds $5,000.00 the signature of an authorized board member is required.

6. There is a listing of bank accounts for Westchester Community Opportunity Program, Inc. and authorized signatories.
7. The Administrative assistants mail all signed checks directly to the payee.
8. All supporting documents will be canceled with indication that invoices were paid.
9. All checks and bank transfers will be entered into the Cash Disbursements Journal.
10. On a periodic basis, cash disbursement records will be matched against accounts payable/open invoice files for any discrepancies.
11. Bank statements will be reconciled soon after receipt by an accountant that is independent of the cash disbursement process
12. Bank reconciliation and proposed adjustments will be reviewed and approved by a supervisor with responsibilities independent of cash management.

IMPREST AND PETTY CASH FUNDS

Control Objective

To control the use of imprest and petty cash funds for valid transactions.

Major Controls

A. Internal Accounting Controls

1. Segregate custodial and record keeping duties
2. Reconcile imprest and petty cash funds by employees with responsibilities independent of cash receipts, disbursements or custody.
3. Ensure that no one person is performing incompatible functions.
4. No employee is to be reimbursed for expenses incurred out of petty cash. The intent and purpose of petty cash is to meet important, urgent, and immaterial cash requirements that cannot be accommodated through the use of the ongoing check writing process.

Procedures

The Petty Cash Fund is maintained by the fund custodian. The fund custodian provides the support for each replenishing check, including appropriate budgetary accounts.

1. Distribution. The Lead Accountant reviews the documentation and reconciliation before approving the replenishment check. A log of all disbursements made from the imprest or petty cash fund will be maintained by the fund custodian. Periodically, the lead accountant audits the petty cash fund

2. When the fund needs to be replenished, a check request will be prepared by the fund custodian, attaching the log of disbursements and the supporting vouchers.

3. Any differences between the check request to bring the fund up to the imprest amount and total disbursements made will be reviewed and a justification prepared.

4. Fund disbursements will be entered into the General Ledger when the fund is replenished.

5. Size of Petty Cash Fund

The petty cash fund will start with ranges of $200 - $500 balance funded by a check from the general account for administrative purposes. Each site or grant within Westchester Community Opportunity Program, Inc. may have separate petty cash funds, as required. There is a listing of staff members currently designated as Petty Cash Fund Custodians and authorized Petty Cash amounts.

6. Completing the Petty Cash Reimbursement Voucher as petty cash is needed, the Fund Custodian fills out a petty cash voucher, indicating the amount, purpose, and person to whom the money was given and obtains the signature of an authorized approver. Petty cash can only be used to reimburse individual expenditure of $25 or less ($50 for Early Childhood program) and only in cases where a company check is unacceptable due to timing or other logistics. In addition, the petty cash reimbursement will be made to the custodian only

7. Signing for Cash

The person who receives the petty cash must sign the voucher and supply the fund custodian with receipts to support the voucher.

8. Replenishment of Cash

When the petty cash fund is running low, below $100 or half the revolving fund, the Fund Custodian will add up the receipts in the petty cash box and will request a check payable to him/herself, as custodian, to replenish the fund.

9. Proof

The check to replenish petty cash plus the monies left in the fund should equal the amount of $200 or other balance as initially funded. On an unscheduled test basis, the Fiscal Director will perform an audit of the Petty Cash fund to ensure that the total of the cash and receipts on hand is equal to the revolving fund balance.

TRUST ACCOUNTS (When applicable)

Control Objective

The primary objective is to avoid exposing the organization to financial risk concerning the accountability over trust account funds and other property.

Major Controls

A. Separate Record keeping over Trust Accounts

Westchester Community Opportunity Program will maintain a separate accounting system over trust accounts.

B. Trust Funds Maintained in Separate Trust Bank Accounts

To avoid the appearance of commingling trust funds with the organization's own funds, separate bank accounts will be maintained for trust funds.

C. Periodic Reporting to Benefactors for Funds Held in Trust

A periodic accounting of funds and property held in trust is to be made to benefactors.

D. Reconciliation between the General Ledger and the Trust Bank Statements

Monthly, reconciliation will be completed between the General Ledger and trust bank statements.

Procedures

1. Upon receipt, trust funds will be deposited in a separate trust checking account, with the receipt being recorded to the trust's Cash Receipts Journal.
2. Checks in payment of trust debts will be made from the trust bank account, with a recording to the Trust Cash Disbursements account. All such transactions will be initiated and approved by the trustee and completed by the Fiscal Department.
3. Interest earned in an interest-bearing trust account will be credited to the trust account as trust income.
4. Monies held on behalf of third parties will be recorded as a liability in the Trust Account Subsidiary Ledger and a General Ledger control account.
5. The General Ledger control account will be reconciled with the Trust Account Subsidiary Ledger.
6. Checks in payment of trust debts will be made from the trust bank account, with a recording to the Trust Cash Disbursements account. All such transactions will be initiated and approved by the trustee and completed by the Fiscal Department.
7. Interest earned in an interest-bearing trust account will be credited to the trust account as trust income.
8. Monies held on behalf of third parties will be recorded as a liability in the Trust Account Subsidiary Ledger and a General Ledger control account.
9. The General Ledger control account will be reconciled with the Trust Account Subsidiary Ledger.

BANK RECONCILIATION

Control Objective

Adequate steps should be taken to confirm the accuracy of the bank balances shown in the general ledger.

Monthly, data on cash receipts and disbursements journals should be compared with the details reported on bank statements. Unmatched and mismatched data are investigated to reconcile the book and bank balances. The reconciliations are performed both manually and electronically by fiscal department personnel (who do not have access to cash and are not involved in processing or recording cash transactions).

Procedures

1) Preparing Bank Reconciliations

a. All envelopes containing statements are given to the Fiscal Director. The statements are opened by him/her and reviewed for unusual activity. Following this review, the bank statement and canceled checks are forwarded to the lead accountants, as soon as possible, for review and reconciliation to the accounting records.

b. On a periodic, unannounced basis, the Executive Director will request to see the bank statement unopened. The Executive Director will review the statement and cancel checks to identify any irregularities.
c. Bank balances, as shown by the bank statements, should be reconciled regularly with the general ledger balance. Data on cash receipts and cash disbursements should be compared on an item-by-item basis with the details reported on bank statements. Mismatches should be listed for investigation.

2) Determination of Reconciling Items

a. Discrepancies between general ledger cash balances and closing balances reported on bank statements usually result from transactions recorded in cash journals but not yet processed and recorded by banks (such as deposits in transit and outstanding checks) and items on bank statements not yet processed and recorded by the company (such as bank accurate fashion).

- The preparer compares and checks the general ledger cash balance with the bank statement to see what items are outstanding, in transit or missing. Outstanding or in-transit items should appear as reconciling items on the bank reconciliation and will clear on the following month's bank statement. Corrective journal entries will be necessary should there be an unrecorded or miscoded transaction.
- A detailed bank reconciliation procedure exists which includes a list of troubleshooting approaches.
- The supervisor of the accountant, who prepares the bank reconciliation, reviews and approves the completed bank reconciliation.

ACCOUNTS PAYABLE MANAGEMENT

Control Objective

Accounts Payable is an area of high risk within the purchasing function and to minimize these risks, the accounts payable process is woven with a number of controls, which are designed to ensure that invoices are recorded accurately, timely, and not unauthorized.

Major Controls

The components of these controls are as follows:

1. Voucher Documentation

All accounts payable documentation (e.g., supplier invoice, packing slip, purchase order, requisition, receiving report and authorization of acceptance of goods or supplies) will be controlled with a voucher.

Pre-numbered Documents

Westchester Community Opportunity Program will use and account for pay order vouchers, purchase requisitions/purchase orders, and receiving reports.

2. Accounts Payable Reconciliation

Reconciliation of source data and General Ledger control accounts will be performed periodically to ascertain the accuracy of accounts payable entries.

3. Internal Reviews

Internal reviews are at two levels. The first level is based on an accounts payable checklist and the second is based on a review and attestation by the CFO, which will occur twice yearly. The accounts payable checklist has the following components:

1. Check Signatures

All disbursement checks and payroll checks require the signature of two authorized signers. Checks in the amount of $5,000 or less may be signed by the CEO/Executive Director and COO. If the check amount exceeds $5,000, the signature of an authorized board member is required as one of the signers.

2. Vendor Statements

Vendor statements are forwarded to the assigned Fiscal Bookkeeper for review and reconciliation to the vendor files. Any invoices noted on the vendor statement that have not been processed by the accounting system are identified for follow-up with the vendor, if appropriate. In no event will payment be processed without the original vendor invoice.

This procedure ensures that supplier invoices are matched to the purchase order and goods/services receipt before any payments are authorized to be sent out.

3. Placing Orders

All processed orders will be consistent with WestCOP, Inc.'s Procurement Standards

4. Recording an Invoice

When the fiscal department receives an invoice, it is routed to the program accountant who matches the invoice with the purchase order, delivery receipt and other pertinent documents. Once matched, it is submitted to the A/P Specialist who inputs the invoice into the accounting system.

Once the transaction is posted to the General Ledger, the assigned accountant compiles and provides the cash needs information to the Fiscal Director.

Purchase orders are usually voided after 30 days.

5. Disbursing Checks

There are two types of payments: Check Requests (Pay Orders) and purchase orders, which are handled differently.

6. Pay Orders

Program directors submit Pay Orders and source documentation to the Fiscal department. Accounts Payable Specialist. The Pay order and related documentation constitute the voucher package. All disbursement checks and payroll checks require the signature of two authorized signers. When circumstances prevent the immediate distribution of the checks, the checks are secured in a safe area. The check, along with any supporting remittance documentation, is mailed to the VENDOR. In addition, the actual invoice and supporting documentation are stamped "PAID" with a reference to date, check number, and amount paid and filed in the paid bills file in alphabetical order by vendor.

COST ALLOCATION

WestCOP, Inc. receives funds from the Department of Health and Human Services through the Head Start and Early Head start programs and is committed to adhering to Federal funding requirements and establishing effective cost controls and accountability for federal funds, property and other assets. As part of the annual budget process, which is approved by the Board, the Chief Executive Officer, the Chief Financial Officer reviews the programs to be delivered in the coming year and develop the costs, including personnel costs, to deliver each program. These costs are segregated between "direct" and "indirect" costs of delivering the specific programs.

Direct costs are those costs that can be identified specifically with a particular final cost benefit or objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs.

Indirect costs are those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitting, without effort disproportionate to the results achieved.

The CFO is charged with the responsibility of establishing a Cost Allocation Plan, which provides the basis for the allocation of the indirect costs.

Payroll expense for employees who are assigned to more than one program are allocated based on percentage of effort reported on after-the-fact time determination reports that are certified by the employee and appropriate supervisors/managers.

ALLOWABILITY

To be allowable, costs must first be determined reasonable and allocable.

1) Allowability of costs is accorded consistent treatment throughout WestCOP, Inc. Community Opportunity Program, Inc.

2) To be allowable under an award, costs must meet the following general criteria:

   a) Be reasonable for the performance of the award and be allocable thereto under these principles.

   b) Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.

   c) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of WestCOP, Inc. Community Opportunity Program, Inc.

   d) Be accorded consistent treatment.

   e) Be determined in accordance with generally accepted accounting principles (GAAP) in the U.S...

   f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.

   g) Be adequately documented.

Documentation

a. Cost documentation must have the signature of the coordinator/director, acknowledging that the cost has been determined as a reasonable, allocable, and allowable cost

b. Reference should be made to Uniform Guidance 2 CFR 200 Subpart E for principles applying to the reasonableness, allocability and allowability of costs.

COST ALLOCATION PROCEDURES

Major Controls

To ensure establishment and maintenance of Westchester Community Opportunity Program Inc.'s cost allocation plan

To ensure compliance with mandated cost principles and contract requirement

Procedures

1) Westchester Community Opportunity Program, Inc. must maintain an annual cost allocation plan, which is reviewed and approved by the senior management and certified by the CFO. Please refer to Exhibit for Cost Allocation Plan, which had been revised as of November 18, 2024.

All costs reported to funding sources are reconciled to the books and records prior to submission.

Westchester Community Opportunity Program, Inc. complies with annual regulatory audit and tax filing requirements.

Definition of Indirect Cost

Indirect costs are those costs incurred for common or joint purposes that cannot be readily assigned to a particular function in Westchester Community Opportunity Program, Inc. While it is not possible to specify the types of costs that will always be indirect, the following are often included:

- Depreciation allowance on buildings and equipment
- Cost of operating and maintaining a facility
- General and administrative expenses, such as salaries and benefits of the executive office, personnel administration, and accounting

Indirect costs are allocated in the following manner:

If Westchester Community Opportunity Program, Inc. decided that it was to the agency's benefit to have one indirect cost rate for the entire organization. The rate would be established as follows: Currently WestCOP, Inc. has not negotiated indirect cost rate hence WestCOP, Inc. is only using the minimis rate of 10%.

- Separate Westchester Community Opportunity Program, Inc.'s total costs for the period into direct and indirect costs.
  Separate the indirect costs into allowable and unallowable costs.
  - Divide the total allowable indirect costs by an equitable cost base such as allowable direct costs. To be equitable, the base must exclude capital expenditures, major subcontracts, or other unallowable costs.

For example, with total allowable indirect costs of $750,000.00 and allowable direct costs of $3,000,000.00 the indirect cost rate is 25%.

Limitations on development and administrative costs

WestCOP, Inc. adopted the provision of Head Start Performance Standards Section 1303.5, Limitations on development and administrative costs as follows:

(a) Limitations.

(1) Costs to develop and administer a program cannot be excessive or exceed 15 percent of the total approved program costs. Allowable costs to develop and administer a Head Start program cannot exceed 15 percent of the total approved program costs, which includes both federal costs and non-federal match, unless the responsible HHS official grants a waiver under paragraph (b) of this section that approves a higher percentage in order to carry out the purposes of the Act.

(2) To assess total program costs and determine whether a grantee meets this requirement, the grantee must:

(i) Determine the costs to develop and administer its program, including the local costs of necessary resources.

(ii) Categorize total costs as development and administrative or program costs;

(iii) Identify and allocate the portion of dual benefits costs that are for development and administration;

(iv) Identify and allocate the portion of indirect costs that are for development and administration versus program costs; and,

(v) Delineate all development and administrative costs in the grant application and calculate the percentage of total approved costs allocated to development and administration.

ANNUAL COST ALLOCATION PLAN

As part of the annual budgetary process, the Executive Director and the CFO review the programs to be delivered in the coming year and determine the costs to deliver each program. These costs are segregated between fixed overhead costs and direct costs of delivering the specific programs. In this effort, the Executive Director and the Fiscal Director identify the following:

The level of personnel assigned to the specific program becomes the basis for allocating the related personnel benefits, as well as all other costs not directly chargeable to a program.

This cost allocation plan provides a total cost for each program and yields allocation percentages to be utilized in costing shared expenses throughout the year. At six-monthly intervals, the cost allocation plan is reviewed by the CFO and Senior Directors of Programs, within the context of actual results to date, funding source budget modifications, and any other relevant data.

Attached herewith and shown as Appendix I is West COP Inc. Cost Allocation Plan duly certified by the CFO.

BANK BORROWINGS

a) Commercial Term Loans

Covenants under a bank's credit facilities may require of the borrower the following:

- That its unrestricted net assets cannot be less than a certain amount, usually that amount on the borrower's books at the time the loan was obtained;
- That its total debt to its tangible net worth be no greater than two to one (2:1);
- That its debt service coverage defined as the excess of revenues over expenses plus non-cash charges available to cover the amount required to service the loan and the line annually, be at least 1.2x.

To ensure compliance with such debt covenants, such as they may be, the fiscal director will monitor the agency's financial position and operating results on a frequent basis.

b) Business Revolving Line of Credit

The business revolving line of credit is intended to be used on a temporary basis in times where the cash flow situation is unusually tight. The borrowings from the line of credit should be repaid as soon as it is practical to do so.

c) Use of Line of Credit (LOC)

- When negotiating with the bank for a LOC, WestCOP, Inc. will ensure that federal funds are not used to secure the LOC; the document must explicitly state that no federally funded assets such as HHS will be used to secure the LOC. Hence, WestCOP, Inc. will not use any Head Start or Early Head Start funds to secure its lines of credit.
- The LOC will be used to provide working capital for programs that pay WestCOP, Inc. on a reimbursement basis.
- Repayment of the LOC will be funded when reimbursements are received.

PURCHASING POLICIES AND PROCEDURES (Per 2 CFR 200.317-326)

WestCOP, Inc. shall require the practice of ethical, responsible, and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The policies in this section describe the principles and procedures that all WestCOP, Inc. staff shall adhere to when making purchases in the completion of their designated responsibilities

The goal of these procurement policies is to ensure that materials and services are obtained in an effective manner and in compliance with the provisions of applicable federal and state statutes and executive orders.

Responsibility for Purchasing

All Program Directors or their designees shall have the authority to initiate purchases on behalf of their department within the guidelines described in the authorizations and purchasing limits directory. Those purchases must, however, be approved by the employee's supervisor and if the purchases exceed $10,000, the CEO must approve the purchase. The Lead Accountant will create a purchase order and verify the expenditure/GL account being charged and if there is sufficient funds in the budget. The Lead accountant also prepares the Pay Order. Once the purchase process has been completed, the CFO will approve the payment by signing the pay order. All Pay orders must bear the signatures of the following: Lead Accountant, Program director, CFO and Preparer. The Administrative Assistant in each department must verify receipt of all goods and services.

Code of Conduct in Purchasing (2 CFR Part 200 Section 200-320 Procurement Standards):

Ethical conduct in managing the Organization's purchasing activities is absolutely essential. All WestCOP, Inc. staff must be mindful that they represent the Board of Directors and share a professional trust with other staff and the general membership. The following code of conduct shall apply in purchasing:

- Staff shall discourage the offer of, and decline, individual gifts or gratuities of value in any way that might influence the purchase of supplies, equipment, and/or services.
- Staff shall notify their immediate supervisor if they are offered such gifts.
- No officer, board member, employee, or agent shall participate in the selection or administration of a contractor if a real or apparent conflict of interest would be involved. Such a conflict would arise if an officer, board member, employee, agent, or any member

of his or her immediate family, his or spouse or partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the contractor selected.
- Officers, board members, employees, and agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to sub-agreements.
- Unsolicited gifts of a nominal value ($25 or less) may be accepted with the approval of the Chief Executive Officer.

Competition (2 CFR Part 200 Section 200.319 Competition):
In order to promote open and free competition, purchasers will:

- Be alert to any internal potential conflicts of interests.
- Be alert to any noncompetitive practices among contractors that may restrict, eliminate or restrain trade.
- Not permit contractors who develop specifications, requirements, or proposals to bid on such procurements.
- Award contracts to bidders whose product or service is most advantageous in terms of price, quality, and other factors.
- Issue solicitations that clearly set forth all requirements to be evaluated.
- Reserve the right to reject any and all bids when it is in the Organization's best interest.

Nondiscrimination Policy

All contractors who are the recipients of Organization funds or who propose to perform any work or furnish any goods under agreements with WestCOP, Inc. shall agree to these important principles:

- Contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation, or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the vendors or contractors.
- Contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. Notices, advertisements, and solicitations placed in accordance with federal law, rule, or regulation shall be deemed sufficient for meeting the intent of this section.

In addition, the terms and conditions of non-federal programs not covered by 2 CFR 200.0 through 200.521 or those of federal pass-through entities will be reviewed prior to the purchasing of goods and services to ensure that purchases follow the procurement and other policies of these grantor agencies to the extent that they are legal and in harmony with federal law.

Sub awards (2 CFR Part 200 Section 200.330 Sub awards):

A Sub award is an award provided by WestCOP, Inc. to a sub recipient for the sub recipient to carry out part of a Federal or state award received by WestCOP, Inc. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A sub award may be provided through any form of legal agreement, including an agreement that WestCOP, Inc. considers a contract. All sub awards in excess of $5,000 shall be subject to the same procurement policies described in the Purchasing Policies and Procedures section of this manual or located in the Organization's Procurement Policies and Procedures Manual.

Fixed Amount Sub awards (2 CFR Part 200 Section 200.333 Fixed Amount Sub awards):

WestCOP, Inc. shall receive prior written approval from the Federal awarding agency when granting fixed amount sub awards. With prior written approval from the Federal agency, the recipient may provide subawards based on fixed amounts up to $500,000. Fixed amount subawards must meet the requirements of § 200.201.(2CFR 200.333). WestCOP, Inc. shall provide the Fixed Amount Sub award by either of the following means:

- In several partial payments, the amount agreed upon in advance and the "milestone" or event triggering the payment also agreed upon in advance, and set forth in the Federal award.
- On a unit process basis, for a define unit, at a defined price or prices, agreed to in advance of performance of the Federal award and set forth in the Federal award.
- In one payment at the completion of the Federal award.

The recipient of the Fixed Amount Award shall certify in writing to WestCOP, Inc. that the project or activity has been completed and the level of effort that was expended. If the project was not completed or the required level of activity or effort was not carried out, WestCOP, Inc. shall adjust the amount of the award. Changes made in the scope, key personnel or leadership shall require written approval from WestCOP, Inc.

Note: WestCOP, Inc. shall not provide Fixed Amount Awards to programs which require mandatory cost sharing or matching.

Sub recipients (2 CFR Part 200 Section 200.330 Sub recipient):

A Sub recipient is a non-Federal entity that received a sub award from WestCOP, Inc. to carryout out part a Federal (or state) program; but does not include an individual that is a beneficiary of such program. A sub recipient may also be a recipient of other Federal (or state) awards directly from a Federal (or state) awarding agency. The non-Federal entity may concurrently receive Federal (or state) awards as a recipient, a sub recipient, and as a contractor depending on the substance of its agreements with the Federal (or state) awarding agencies and WestCOP, Inc. (pass-through entity).

Contractors (2 CFR Part 200 Section 200.330 Contractor):

A Contractor is an entity that receives a contract as defined by 2 CFR 200.1 which is a legal instrument by which WestCOP, Inc. purchases property or services needed to carry out a project or program under a Federal (or state) award and creates a procurement relationship between

WestCOP, Inc. and the entity. The term "contract" when used in this capacity does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal (or state) award or sub award.

Sub recipient and Contractor Determinations
(2 CFR Part 200 Section 200.331 Sub recipient and Contractor Determinations):

WestCOP, Inc. shall make case-by-case determinations whether each agreement it makes for the disbursement of Federal (or state) program funds casts the party receiving the funds in the role of a sub recipient or a contractor. The Federal (or state) awarding agencies may supply and require recipients to comply with additional guidance to support these determinations provided that such guidance does not conflict with 2 CFR 200.331.

The following characteristics shall support WestCOP, Inc. in its determination and classification of a non-Federal entity as a Sub recipient:

- The non-Federal entity determines who is eligible to receive what Federal (or state) assistance.
- The non-Federal entity has its performance measured in relation to whether the objectives of a Federal (or state) program were met.
- The non-Federal entity has the responsibility for programmatic decision making.
- The non-Federal entity is responsible for adherence to applicable Federal (or state) program requirements specified in the Federal (or state) award.
- The non-Federal entity uses the Federal (or state) funds to carry out a program for a public purpose specified in the authorizing statute, as opposed to providing goods or services for the benefit of WestCOP, Inc. (pass-through entity).

The following characteristics shall support WestCOP, Inc. in its determination and classification of a non-Federal entity as a Contractor:

- The entity provides goods and services within normal business operations.
- The entity provides similar goods or services to various purchasers.
- The entity normally operates in a competitive environment.
- The entity provides goods or services that are supplementary to the operation of the Federal (or state) program.
- The entity is not subject to the compliance requirements of the Federal (or state) program as a result of the agreement, though similar requirements may apply for other reasons.

All of the characteristics listed above may not be present in all cases. Therefore, WestCOP, Inc. shall use its judgment in determining whether an agreement with an entity classifies that entity as a Sub recipient or a Contractor.

Requirements for Pass-Through Entities
(2 CFR Part 200 Section 200.331 Requirements for Pass-Through Entities):

A Pass-Through Entity is a non-Federal entity that provides a sub award to a sub recipient to carry out part of a Federal (or state) program. When serving as a "Pass-Through Entity" WestCOP, Inc. shall:

- Ensure that every sub award is clearly identified to the sub recipient as a sub award and includes the following information Federal Award Identification:

    - The Sub recipient's name, which must match the name associated with its unique entity identifier (ex. TIN).
    - The Sub recipient's TIN or applicable unique entity identifier.
    - The Federal Award Identification Number (FAIN).
    - The Federal Award Date (the date the award was signed by the authorized official of the Federal awarding agency).
    - The Amount of the Federal Fund Obligated to the Sub recipient by WestCOP, Inc.
    - The Amount of the Federal Award committed to the Sub recipient by WestCOP, Inc.
    - The Federal award project description as required by Federal Funding Accountability and Transparency Act (FFATA).
    - The Name of Federal awarding agency, and the name and contact information of the assigned awarding official at WestCOP, Inc.
    - The CFDA Number and Name, WestCOP, Inc. shall identify the dollar amount made available under each Federal award and the CFDA number at the time of disbursement.
    - WestCOP, Inc. shall identify if the award is Research & Development (R&D).
    - The Indirect Cost Rate for the Federal award (including if the de minimis rate is charged per the 2 CFR 200.414 Facilities & Administration (F&A) costs).

- Ensure that all requirements imposed by WestCOP, Inc. onto the sub recipient are in accordance with the applicable Federal (or state) statues, regulations, terms and conditions of the Federal (or state) award.
- Ensure that any additional requirements that WestCOP, Inc. imposes onto the sub recipient enable WestCOP, Inc. to meet its own responsibility to the Federal awarding agency including required financial and performance reports.
- Ensure the appropriate approved federally recognized indirect cost rate negotiated between the sub recipient and the Federal Government, or if no such rate exists, either a rate negotiated between WestCOP, Inc. and the sub recipient, or a de minimis indirect cost rate as defined in 2 CFR 200.414 Facilities & Administration (F&A) costs is included.
- Ensure the sub recipient permits WestCOP, Inc. and its auditors to have access to the sub recipient's records and financial statements as WestCOP, Inc. deems necessary.
- Ensure the appropriate terms and conditions are met in compliance with the closeout of the sub award.

WestCOP, Inc. shall also evaluate the sub recipient's risk of noncompliance with the applicable Federal (or state) statutes, regulations, and the terms and conditions of the sub award in order to determine the appropriate sub recipient monitoring, which may include the consideration of the following:

- The sub recipient's prior experience with the same or similar sub awards.
- The sub recipient's previous audit results.
- Whether the sub recipient has new personnel or substantially changed systems.

- The extent and results of Federal awarding agency monitoring (e.g., if the sub recipient also receives Federal awards directly from a Federal awarding agency).

WestCOP, Inc. shall monitor the activities of the sub recipient as deemed necessary to ensure that the sub award is used for authorized purposes, in compliance with the appropriate Federal statutes, regulations, the terms and conditions of the sub award, and that the sub award performance goals are achieved. WestCOP, Inc. monitoring activities shall include the following:

- Review of financial and performance reports.
- Follow-up on deficiencies and action plans.
- Issuing a management decision for audit findings pertaining to the Federal award as required by 2 CFR 200.521 Management Decision.

WestCOP, Inc. shall employ the following monitoring tools to ensure the sub recipient is in compliance with the program requirements, the achievement of performance goals, and the fiscal integrity of the sub award:

- Provide training and technical assistance (T/TA).
- Perform on-site reviews.
- Arrange for the agreed-upon procedures engagements (2 CFR 200.425 Audit Services).

WestCOP, Inc. shall verify that every sub recipient is audited as required by Subpart F- Audit Requirements during the respective fiscal year equaled or exceeded in the thresholds audit requirements:

- Audit Required - $1,000,000 or more expended during the fiscal year.
- Single Audit - $1,000,000 or more expended during the fiscal year except when the entity elects to have a program-specific audit conducted.
- Program Specific Audit - an entity expends Federal awards under one (1) Federal program and the Federal award does not require a financial statement audit.
- Exempt - less than $1000,000 is expended during the fiscal year.

WestCOP, Inc. shall consider the results of the sub recipients' audits, on-site reviews, or other monitoring outcomes and adjust its records as deemed necessary. Should a sub recipient be identified as noncompliant, WestCOP, Inc. shall consider taking appropriate enforcement action against the sub recipient.

Additionally, WestCOP, Inc. shall also consider imposing specific sub award conditions upon a sub recipient if the following events occur:

- When a history of failure to comply with the general or specific terms and conditions of a Federal award exists.
- When the expected performance goals have not been met.
- When a lack of accountability exists.

The additional Federal award conditions may include the following:

- Require payments as reimbursements rather than advance payments.
- Withhold authority to proceed to the next phase until performance has improved.
- Require additional, more detailed financial reports.
- Require additional program monitoring.
- Require the entity to obtain technical or management assistance.
- Establish additional prior approvals.

Should WestCOP, Inc. impose additional conditions for sub awards, the Organization shall inform the sub recipient of the following:

- The nature of the additional requirements.
- The reason for the additional requirements.
- The action needed to remove the additional requirements, if applicable.
- The timeframe allowed to complete the required actions, if applicable.
- The method for requesting reconsideration of the additional requirements.

Once the conditions that have prompted the additional requirements have been corrected, WestCOP, Inc. shall remove the conditions promptly.

Procurement Procedures
(2 CFR Part 200 Section 200.320 Methods of Procurement to be Followed):

Prior to the creation of a purchase order, the staff account must ensure all the following steps were followed. Further, prior to the payment of claims, the CFO will also verify the proper purchasing steps and policies were followed. The following are WestCOP, Inc. procurement procedures to be followed:

- WestCOP, Inc. shall avoid purchasing items that are not necessary for the performance of the activities required by a federal award. (2 CFR Part 215.44(1)).

- Where appropriate, the CFO shall make an analysis of lease and purchase alternatives to determine which would be the most economical and practical procurement for the federal and/or state government. (2 CFR Part 215.44(2)) This analysis should only be made when both lease and purchase alternatives are available to the program.

- Some form of cost or price analysis shall be made by the end user for every procurement action. Price analysis may be made in various ways, including comparison of price quotations submitted or market prices. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability. Cost/price analysis for routine supplies may be performed at the beginning of the year to identify a contractor(s) to be used for the entire year. Items should be priced in total, not by individual item. (2 CFR Part 215.45)

- Documentation of the cost and price analysis associated with each procurement decision shall be retained in the procurement files pertaining to each award. (2 CFR Part 215.46)

- For all procurements in excess of the federally-defined simplified acquisition threshold ($250,000), procurement records and files shall be maintained that include all of the following:
    - The basis for contractor selection,
    - The justification for lack of competition when competitive bids or offers are not obtained.
    - The basis for award cost or price.
- WestCOP, Inc. shall make all procurement files available for inspection upon request by a federal and/or state awarding agency.

- All agreements with contractors shall require the contractor to certify in writing that it has not been suspended or debarred from doing business with any federal and/or state agency. Alternatively, the Organization may research potential contractors on the Excluded Parties List at the GSA website www.epls.gov.

- WestCOP, Inc. shall not utilize the cost-plus-a-percentage-of-costs method of contracting. (2 CFR Part 215.44(3)(c))

- WestCOP, Inc. will accept, to the extent practical and economically feasible, goods and services dimensioned in the metric system of measurement.

All staff members with the authority to approve purchases will receive a copy of and shall become familiar with 2 CFR Part 200.

Authorizations and Purchasing Limits (Not Including Child Care Partner Payments)

All completed payment vouchers must be signed by the preparer and approved as designed in WestCOP, Inc. procurement chart. The following table displays the minimum required approval levels and the solicitation processes required:

Note: The Head Start Reauthorization Act of 2007 requires that the governing board approve policies for approval of all major financial expenditure. Approval of significant expenditures should be determined by checking with each specific grant's rules and requirements of the grants that the agency holds when purchasing. Below are the rules governing procurement:

In addition to the above chart, the following additional procedures for small purchases will be applied:

Micro- Purchase	Small Purchase	Sealed Bids	Competitive Proposal	Non-Competitive Proposal
• Aggregate amount NTE $50,000 • Expedites lowest-dollar purchases • Minimizes administrative burden • No quotes • Distribute equitably • Price is reasonable • NTE $2,000 if construction (Davis-Bacon applies)	• $50,000 to $350,000 • Below Simplified Acquisition Threshold • Informal price or rate quotations • Adequate number of sources • Matter of judgment	• Over $350,000 • Formal advertising • Publicly solicited bids • Firm fixed price contract (lump sum or unit price) • Preferred method for construction • Lowest price	• Over $350,000 • Publicized RFP identifying evaluation factors • Adequate number of qualified sources • Written procedures for proposal evaluation and selection • Price and other factors considered	• Single source (only available) • Public emergency • Competitive sources determined inadequate

*Price comparisons can be done annually by contractors for quantity of similar products such as office & classroom supplies.

**The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards states “bids must be solicited from an adequate number of known suppliers.”

***Purchasing procedures are not limited to the descriptions above; the CFO will evaluate purchases and may apply additional procedures as deemed appropriate. For example, for pass-through entities such as NYS Department of State, the procurement guidelines are as follows: WestCOP, Inc.’s procurement policies and guidelines regarding the expenditure of funds from pass-through entities such as NYS Department of State are based on a program-specific clause, the terms of which are applicable to all of its contractors, which includes WestCOP, Inc. and are set forth as follows:

The Contractor shall comply with and maintain written procedures for the procurement of all supplies, equipment and services, including bookkeeping, audit and legal services, provided these procedures comply with applicable law and, in the case of private not-for-profit contractors, the following terms and conditions:

a. Purchases not exceeding $15,000.
b. The Contractor may purchase commodities and services from, or may contract directly with, a responsible vendor of its choice for aggregate purchases not exceeding $15,000. While competitive bidding is not required, the Contractor shall document steps taken to ensure that prices are reasonable in light of terms and prices offered by competitors.

c. Purchases in excess of $15,000 but not exceeding $50,000.

A Contractor may purchase commodities and services in accordance with the. above, with the added requirement that written confirmation by the successful vendor setting forth terms and conditions must be obtained and retained in the Contractor's file along with the basis for determining that the offered price is reasonable, or may contract by either of the following:

a. Alternate A: If the Contractor has identified a responsible minority and/or woman-owned business source and has determined that the price offered is reasonable, the Contractor may purchase directly from the identified source.
b. Alternate B: The Contractor may structure formal bidding using the procedure set forth below, which is required for all purchases in excess of $50,000.

c. Purchases in excess of $50,000: The Contractor shall structure formal competitive bidding. Sealed bids shall be solicited from responsible bidders offering such commodities or services. Grantees should advertise in a manner that promotes and maximizes competition. The Department of State (DOS) views the purchase of delivery/passenger vehicles to be made under a single procurement. Consequently, if in the aggregate the total price exceeds $50,000, the purchases would be subject to the greater-than-$50,000 guideline and the converse would apply if the aggregated purchase was less than $50,000. The Contractor shall make every reasonable effort to obtain competition before the purchase of commodities or services. The Contractor must document and retain for audit any situation where reasonable competition is not available.

d. Bidding requirements established by the Contractor shall enable all bidders to engage in bidding on a competitive basis.

e. The Contractor shall document and retain for audit the process followed in selection of the lowest responsible bidder.

f. Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.

g. WestCOP, Inc. will take all supportive steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

The Chief Executive Officer is authorized to enter into any contract on behalf of WestCOP, Inc. These policies shall also apply to renewals of existing contracts.

Required Solicitation of Quotations from Contractors
(2 CFR Part 200 Section 200.317-200.326 Procurement Standards):

Solicitations for goods and services [requests for bids (RFBs) or requests for proposals (RFPs)] should provide for all of the following:

- A clear and accurate description of the technical requirements for the material, product, or service to be procured. Descriptions shall not contain features, which unduly restrict competition. (2 CFR Part 215.44(a)(3)(i))
- Requirements, which the bidder/offer or must fulfill, and all other factors to be used in evaluating bids or proposals. (See the next section entitled "Evaluation of Alternative Contractors" for required criteria.) (2 CFR Part 215.44(a)(3)(ii)).
- Technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards. (2 CFR Part 230.44(a)(3)(iii)).
- The specific features of "brand name or equal" descriptions that bidders are required to meet when appropriate. (2 CFR Part 215.44(a)(3)(iv)).
- The acceptance, to the extent practical and economically feasible, of products and services dimensioned in the metric system of measurement. (2 CFR Part 215.44(a)(3)(v)).
- Preference, to the extent practical, for products and services that conserve natural resources, protect the environment, and are energy efficient. (2 CFR Part 215344(a)(3)(vi)).
- Preference for recycled products pursuant to EPA guidelines. (2 CFR Part 215.16).
- A description of the format, if any, in which proposals must be submitted, including the name of the person to whom proposals should be sent.
- The date by which proposals are due.
- Required delivery or performance dates/schedules.
- Clear indications of the quantity(ies) requested and unit(s) of measure.

Per the DHHS Grants Policy Statement, RFPs funded all or in part by federal grants must include the source of the funds and the percentage of federal funds to be used in the purchase (GPS II-24). WestCOP, Inc. shall record this information on their inventory lists.

Extension of Due Dates and Receipt of Late Proposals

Solicitations shall provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, an extension may be granted, at the discretion of the Chief Executive Officer, if a prospective bidder so requests.

Contractor proposals are considered late if received after the due date and time specified in the solicitation. Late proposals shall be so marked on the outside of the envelope and retained, unopened, in the procurement folder. Contractors that submit late proposals shall be sent a letter notifying them that their proposal was late and could not be considered for award.

Procurement Grievance Procedures

Any bidder may file a grievance with WestCOP, Inc. following a competitive bidding process. Once a selection is made, bidders must be notified in writing of the results. The written communication to failed bidders must also inform them that they may have a right to appeal the decision. Information on the organization's appeal procedures must be made available to all prospective contractors and sub recipients upon request, including the name and address of a contact person.

Evaluation of Contractors

Contractors shall be evaluated on a weighted scale that considers the following criteria:

- Adequacy of the proposed methodology
- Skill and experience of key personnel
- Demonstrated experience
- Technical specifications designated by the department requesting proposals
- Compliance with administrative requirements of the request for proposal (format, due date, etc.)
- Contractor's financial stability
- Contractor's demonstrated commitment to the nonprofit sector
- Results of communications with references supplied by contractor
- Ability/commitment to meeting time deadlines
- Cost
- Minority- or women-owned business status of the contractor
- Other criteria (to be specified by the department requesting proposal)

Not all of the preceding criteria may apply in each purchasing scenario. However, the department responsible for the purchase shall establish the relative importance of the appropriate criteria prior to requesting proposals and shall evaluate each proposal on the basis of the criteria and weighting that have been determined.

Affirmative Consideration of Minority, Small Business, and Women-Owned Businesses
(2 CFR Part 200 Section 200.321 Contracting with Small and Minority Businesses, Women's Business Enterprises, and Labor Surplus Area Firms):

Positive efforts shall be made by WestCOP, Inc. to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible. Therefore, the following steps shall be taken:

- Ensure that small business, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.

- Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms, and women's business enterprises.

- Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms, and women's business enterprises.

- Encourage contracting with consortiums of small businesses, minority-owned firms, and women's business enterprises when a contract is too large for one of these firms to handle individually.

- Use the services and assistance, as appropriate, of such organizations as the African-American Chamber of Commerce of Westchester-Rockland, the Westchester Business Council, the Westchester County Association, the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the solicitation and utilization of small businesses, minority owned firms and women's business enterprises; and

Provisions Included in All Contracts (2 CFR Part 200 Section 200.3326 Contract Provisions):
WestCOP, Inc. shall include the following provisions, as applicable, in all contracts charged to federal awards:

- Equal Employment Opportunity: All contracts shall contain a provision requiring compliance with E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR Part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

- Copeland "Anti-Kickback" Act (18 U.S.C. 874 and 40 U.S.C. 276c): All contracts and sub grants in excess of $2,000 for construction or repair awarded by WestCOP, Inc. and its sub-recipients shall contain a provision for compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 874), as supplemented by Department of Labor regulations 29 CFR part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States." This Act provides that each contractor or sub recipient shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. WestCOP, Inc. will report all suspected or reported violations to the federal awarding agency.
- Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7): If included in the federal agency's grant program legislation, all construction contracts of more than $2,000 awarded by WestCOP, Inc. and its sub-recipients shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). Under this Act, contractors are required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. WestCOP, Inc. will place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. WestCOP, Inc. shall also obtain reports from contractors on a weekly basis in order to monitor compliance with the Davis-Bacon Act. WestCOP, Inc. shall report all suspected or reported violations to the federal awarding agency.

- Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333): [Where applicable] All contracts awarded by WestCOP, Inc. in excess of $2,000 for construction contracts and in excess of $2,500 for other contracts that involve the employment of mechanics or laborers shall include a provision for compliance with Sections 102 and 107 of the Contract Works Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor regulations (29 CFR part 5). Under Section 102 of the Act, each contractor is required to compute wages of every mechanic and laborer on the basis of a standard workweek of 40 hours. Work in excess of the standard workweek is permissible provided that the worker is compensated at a rate of not less than 1-1/2 times the basic rate of pay for all hours worked in excess of 40 hours in the workweek. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions that are unsanitary, hazardous, or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

- Rights to Inventions Made Under a Contract Agreement: Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Federal Government and the grantee in any resulting invention in accordance with 37 CFR part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grant, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.

- Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended: Contracts and sub grants of amounts in excess of $100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
- Byrd Anti-Lobbying Amendment (31 U.S.C. 1352): For all contracts or sub grants of $100,000 or more, WestCOP, Inc. shall obtain from the contractor or sub grantee a certification that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant, or any other award covered by 31 U.S.C. 1352. Likewise, since each tier provides such certifications to the tier above it, WestCOP, Inc. shall provide such certifications in all situations in which it acts as a sub recipient of a sub grant of $100,000 or more.

- Debarment and Suspension (E.O.s 12549 and 12689): No contract shall be made to the parties listed on the General Services List of Parties Excluded from Federal Procurement or Non-Procurement Programs in accordance with E.O.’s 12549 and 12689, “Debarment and Suspension.” This list contains the names of parties debarred, suspended, or otherwise excluded by agencies, and contractors declared ineligible under statutory or regulatory authority other than E.O. 12549. Contractors with awards that exceed the federally-defined simplified acquisition threshold ($100,000) shall provide the required certification regarding their exclusion status and that of their principal employees.

- Remedies: All contracts in excess of the small purchase threshold of $100,000 [41 U.S.C. 403(11)] shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms.

- Termination: All contracts in excess of the small purchase threshold of $100,000 [41 U.S.C. 403(11)] shall contain suitable provisions for termination by WestCOP, Inc., including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe the conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated due to circumstances beyond the control of the contractor.

Note: A list of excluded parties can be found at www.epls.gov.

Solicitations for goods and services (requests for proposals) shall provide for all of the following:

- A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurement, such a description shall not contain features, which unduly restrict competition.
- Requirements which the bidder/offer or must fulfill and all other factors to be used in evaluating bids or proposals. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristic or minimum acceptable standards.
- The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitations.
- The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.
- Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.
- A description of the proper format, if any, in which proposals must be submitted, including the name of the grantee, person to whom proposals should be sent.
- The date by which proposals are due.
- Required delivery or performance dates/schedules.
- Clear indications of the quantity(ies) requested and the unit(s) of measure.

Note: If a program has more restrictive requirements for funding source approval, WestCOP, Inc. shall abide by that program's guidelines as published.

Special Purchasing Conditions

Emergencies:
Where equipment, materials, parts, and/or services are needed, quotations will not be necessary if the health, welfare, safety, etc., of staff and protection of Organization property is involved.

Single Distributor/Source:
Sole source purchases shall be made only when the solicitation of multiple contractors is not feasible and one of the following conditions applies:

- The item or service is only available from one source.
- The situation is an emergency.
- The awarding agency approves the purchase.
- Competition is deemed inadequate (insufficient bidders).

A cost/price analysis is required and approval from the funding agency may be necessary if the purchase is over the small purchase threshold.
Note: Sole sourced procurements are those made without competition but do not relieve the organization from the requirement for price comparisons. Price comparisons without competition can be achieved by comparing the current price to amounts previously paid for similar goods or services, or asking peer organizations what they have paid in similar situations. Purchase documentation must show that good value was received for the money spent.

Cost Price Analysis

WestCOP, Inc. shall review and evaluate each element of cost to determine its reasonableness, allocability, and allowability. The price analysis shall be accomplished with a cost comparison of price quotations or through market price data and similar indicators.

Contractor Files and Required Documentation

The Fiscal Department shall create a contractor folder for each new entity from whom WestCOP, Inc. purchases goods or services.
The Fiscal Department shall mail a blank Form W-9 to new contractors and request that the contractor complete and sign the W-9 (or provide equivalent, substitute information) and return it in the postage-paid envelope provided. Completed and signed Forms W-9 or substitute documentation shall be filed in each vendor's folder. Contractors who do not comply with this request shall be issued a Form 1099 at the end of each calendar year in accordance with the policies described in the section of this manual on "Government Returns." See the section on "Payroll and Related Policies" for guidance on determining whether a contractor should be treated as an employee.

INVENTORY (2 CFR Part 200 Section 200.310-200.316 Property Standards):

WestCOP, Inc. inventory policies and procedures are designed to emphasize the physical inventory of property and equipment, and the reconciliation of the property and equipment records. The Organization shall take a physical inventory of all property and equipment, and the results shall be reconciled with the property and equipment records at least every two (2) years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the cause(s) of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property and/or the equipment.

Physical Counts (2 CFR Part 200 Section 200.313-200.316 Property Standards):
A physical count of inventory shall be performed at a minimum of every two (2) years. Any inventory items that appear damaged, obsolete, or otherwise unable to be sold shall be excluded from the counts. A detailed record of the physical count shall be kept by the individuals involved in taking the inventory.

At the conclusion of the physical count, the inventory count sheets shall be extended by applying the most recent unit costs to the physical quantities of each item on hand. The general ledger balance shall be adjusted to reflect the total inventory on hand as determined by the physical count.

Contributed Inventory

Inventory items donated to WestCOP, Inc. shall be recorded as assets of the Organization at the fair market value as of the date of the contribution, unless the Organization is acting as an agent in connection with a contribution by a donor through the Organization to another charity specifically identified by the donor. Contributed inventory items shall be subject to the same physical counting and other policies as purchased inventory items.

Capitalization Policy

Physical assets acquired with unit costs in excess of $5,000 shall be capitalized as property and equipment on the Organization's financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

If an awarding agency requires a lower amount for equipment, WestCOP, Inc. shall adhere to that dollar amount only for that program or contract.

Capitalized property and equipment additions shall be accounted for at their historical cost and all such assets, except land, are subject to depreciation over their estimated useful lives, as described later.

Capitalized assets shall be reported as expensed for grants if they were so budgeted in the grant application. However, for the Organization's financial statements, these assets shall be capitalized and depreciated according to these policies

Contributed Assets

Assets with fair market values in excess of $5,000 (per unit) that are contributed to WestCOP, Inc. shall be capitalized as fixed assets on the financial statements. Contributed items with a market value of less than this threshold shall be expensed in the year contributed.

Capitalized contributed assets shall be accounted for at their market value at the time of donation and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Equipment and Furniture Purchased with Federal Funds
(2 CFR Part 200 Section 200.400 Cost Principles):

WestCOP, Inc. may occasionally purchase equipment and furniture that will be used exclusively on a program funded by a federal agency. In addition to those policies on Asset Management described earlier, equipment and furniture charged to federal awards shall be subject to certain additional policies as described below.

For purposes of federal award accounting and administration, equipment shall include all assets with a unit cost equal to the lesser of $10,000 or the capitalization threshold utilized by WestCOP, Inc. described under Asset Management.

All purchases of equipment with federal funds shall be approved, in advance and in writing, by the federal awarding agency. In addition, the following policies shall apply regarding equipment purchased and charged to federal awards:

- Adequate insurance coverage shall be maintained with respect to equipment and furniture charged to federal awards.
- For equipment (or residual inventories of supplies) with a remaining per unit fair market value of $5,000 or less at the conclusion of the award, WestCOP, Inc. shall retain the equipment without any requirement for notifying the federal agency.

- If the remaining per unit fair market value is $5,000 or more, WestCOP, Inc. shall gain a written understanding with the federal agency regarding disposition of the equipment. This understanding may involve returning the equipment to the federal agency, keeping the equipment and compensating the federal agency, or selling the equipment and remitting the proceeds, less allowable selling costs, to the federal agency.
- The CEO/Executive Director or Program Manager shall determine whether a specific award with a federal agency includes additional equipment requirements or thresholds and requirements that differ from those described above.
- A physical inventory of all equipment purchased with federal funds shall be performed at least once every two (2) years. The results of the physical inventory shall be reconciled to the accounting records of and federal and state reports filed by WestCOP, Inc.
- Any equipment that is owned by the Federal government and given to WestCOP, Inc. for use in a program shall be marked as such, and information from which one can calculate the percentage of Federal participation in the cost of the equipment shall be maintained in the fixed assets records.

Establishment and Maintenance of a Fixed Asset Listing

All capitalized property and equipment shall be recorded in the WestCOP, Inc. property log. This log shall include the following information with respect to each asset:

- Date of acquisition
- Cost
- Description (including color, model, and serial number or other identification number)
- Source of the equipment, including the federal award number, if applicable
- Whether the title vests in the Organization or the federal government
- Information to calculate the federal share of the cost of the equipment, if applicable
- Depreciation method
- Estimated useful life
- Location of the asset

A physical inventory of all assets capitalized under the preceding policies shall be taken on an annual basis by WestCOP, Inc. This physical inventory shall be reconciled to the property log and adjustments shall be made as necessary. All adjustments resulting from this reconciliation shall be approved by the CFO and Chief Executive Officer.

Receipt of Newly Purchased Equipment and Furniture

At the time of arrival, all newly purchased equipment and furniture shall be examined by the receiving party for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the vendor immediately.

In addition, descriptions and quantities of assets per the packing slip or bill of lading shall be compared to the assets delivered. Discrepancies shall be resolved with the vendor immediately.

Depreciation and Useful Lives (2 CFR Part 200 Section 200.436 Depreciation):

All capitalized assets shall be maintained in the special property and equipment account group and shall not be included as an operating expense. Property and equipment shall be depreciated over their estimated useful lives using the straight-line method.

In the year of acquisition, depreciation shall be recorded based on the number of months the asset is in service, counting the month of acquisition as a full month [Example: an asset purchased on the fifteenth day of the fifth month shall have eight full months of depreciation (eight-twelfths of one year) recorded for that year].

Estimated useful lives of capitalized assets shall be determined by the CFO in conjunction with the department or employee that shall utilize the asset. The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

• Furniture and fixtures	Up to 10 years
• General office equipment	5 years
• Computer hardware and peripherals	3-5 years
• Computer software	2-3 years
• Leased assets	Life of lease
• Leasehold improvements	Remaining lease term
• Vehicles	10 years
• Buildings and improvements	15 - 30 years

Alternatively, at the direction of the CFO capitalized assets may be depreciated over useful lives expressed in terms of units of production or hours of service in place of the preceding useful lives expressed in terms of time.
For accounting and interim financial reporting purposes, depreciation expense shall be recorded on a monthly basis.

Changes in Estimated Useful Lives

If it becomes apparent that the useful life of a particular capitalized asset shall be less than the life originally established, an adjustment to the estimated useful life shall be made. All such changes in estimated useful lives of capitalized assets shall be approved by the CFO.

When a change in estimated useful life is made, the new life shall be used for purposes of calculating annual depreciation expense. In the year in which the change in estimate is made, the cumulative effect of the change shall be reflected as depreciation expense in the Organization’s statement of activities.

For example, if in the fourth year of an asset’s life, it is determined that the asset will last five years instead of the original estimate of seven years, depreciation expense for that year shall be equal to the difference between 4/5 of the asset’s basis (accumulated depreciation at the end of year four) and 3/7 of the asset’s basis (accumulated depreciation at the beginning of the year).

Repairs of Property and Equipment (2 CFR Part 200 Section 200.452: Maintenance and Repair Costs):

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property. Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life.

Dispositions of Property and Equipment

If equipment is sold, scrapped, donated, or stolen, adjustments shall be made to the fixed asset listing and the WestCOP, Inc. property log. If money is received for the asset, then the difference between the money received and the "book value" (purchase price less depreciation) of the asset shall be recorded as a loss (if the money received is less than the book value) or a gain (if the money received is more than the book value).

Disposal of Head Start equipment with a book value of over $5,000 must be approved by the Office of Head Start (OHS). The OHS shall also make the determination if WestCOP, Inc. may consider the funds received as income or if the proceeds from the disposition must be reimbursed to the OHS.

Write-Offs of Property and Equipment

The Chief Executive Officer shall approve the disposal of all capitalized fixed assets that may be worn-out or obsolete. Property that is discovered to be missing or stolen shall be reported immediately to the CFO and the Chief Executive Officer. If not located, this property shall be written off the books with the proper notation specifying the reason.

PAYROLL POLICY AND PROCEDURES

WestCOP, Inc. payroll is done internally.

1. Purpose

The purpose of this policy is to establish clear and consistent guidelines for the preparation, approval, and management of time and effort documentation, including timesheets, within the MIP Payroll and HR systems. This policy also ensures compliance with labor laws and best practices regarding segregation of duties, safeguarding the accuracy and integrity of payroll processing.

---

2. Scope

This policy applies to all employees of WestCOP who are involved in time and effort tracking, payroll processing, HR management, and timesheet approval. It applies to hourly and salaried employees, supervisors, payroll administrators, and HR personnel.

---

3. Time and Effort Policy

1. Time sheets serve several purposes. They are the means by which Westchester Community Opportunity Program, Inc. tracks the number of hours an employee works for payroll purposes. In the case of restricted funding for specific positions, the time sheets serve as the method of tracking level of effort for an employee for a given program and as such serve as the basis for a salary charge to be allowable under a restricted grant. The payroll supervisor and payroll assistant maintain all time sheets. The timesheets also provide the option to track activities within a grant. All employees of Westchester Community Opportunity Program, Inc. are required to prepare time sheets.

2.

3.1 Time Reporting Requirements

- Employee Responsibilities:
  - All employees must record their working hours on a daily basis via the designated MIP timekeeping system.
  - Employees must accurately document regular work hours, overtime, sick leave, vacation time, and other approved absences.
  - Employees must accurately select their funding source for all worked hours
  - Employees must submit their completed timesheets by the end of each reporting period (bi-weekly) to ensure timely payroll processing.
- Supervisor Responsibilities:
  - Supervisors must review and verify the accuracy of the timesheets submitted by their direct reports.
  - Supervisors are responsible for confirming that the reported hours are correct, including verifying funding source for all worked hours, that overtime and leave time are properly coded and approved.
  - Supervisors must approve or reject timesheets in the MIP system before they are submitted to payroll for processing.
- Timesheet Submission and Approval:
  - Timesheets must be submitted by employees no later than the deadline.
  - Supervisors must approve timesheets electronically within 24 hours of submission. If there are any discrepancies or missing hours, the supervisor must address these promptly with the employee.

3.2 Leave and Overtime Reporting

- Leave Requests:
  - Employees must submit requests for vacation, sick, or other leave types in advance through the HR system.
  - Leave requests must be approved by the employee’s supervisor before they are reflected on the timesheet.

- HR will ensure that leave balances are properly tracked and that employees are notified if they exceed their available leave hours.

- Overtime Authorization:
  - Overtime hours must be pre-approved by the employee's supervisor or department manager.
  - Supervisors must ensure that overtime hours are recorded accurately and comply with applicable labor laws, including fair compensation and work-hour restrictions.

3.3 Time and Effort Data Validation and Quarterly Review

- Timesheet Audits:
  - HR and payroll personnel will conduct periodic audits of submitted timesheets to verify that data aligns with payroll records and company policies.
  - Random checks will be done for compliance with work hour limits, overtime, and leave balances.
- Employee Access:
  - Employees are responsible for ensuring that their own timesheets are submitted on time and free of errors. Any discrepancies must be reported immediately.
- Quarterly Review
  - Managers and front-line supervisors are responsible for the first level of internal control over Time and Attendance, reviewing and certifying timecards in each payroll cycle. Employees are expected to enter their time daily throughout the pay period, with managers and front-line supervisors verifying entries for accuracy and reasonableness.
  - Effective November 5, 2024, the WestCOP Activity Sheet (the form which is set forth below) will be implemented and required for record-keeping to improve real-time tracking and provide further validation. This measure is intended to enhance transparency and ensure the reasonableness of entries.
  - The purpose of the quarterly Time and Attendance review is to establish a second level of internal control, offering oversight on how time and attendance data is managed and recorded. This review serves to assure accurate reporting. Additionally, the Employee Change of Status Form remains the official agency document used to adjust allocations based on actual time spent, involving collaboration across key departments (Finance, Program, Human Resources, and Administration) and, when necessary, the Board of Directors. The MIP report and any reviewed Employee Change of Status Forms will be attached to the quarterly certification.

*The form below is used to certify the quarterly review. The review record is maintained according to record retention requirements.

WESTCOP
Westchester Community Opportunity Program, Inc.
2 Westchester Plaza • Suite 137 • Elmsford, NY 10523 • Tel. 914.592.5600 • Fax 914.592.0021 • westcop.org

Time & Attendance Quarterly Review

Managers and front-line supervisors are responsible for the first level of internal control over Time and Attendance, reviewing and certifying timecards in each payroll cycle. Employees are expected to enter their time daily throughout the pay period, with managers and front-line supervisors verifying entries for accuracy and reasonableness.

Effective November 5, 2024, the WestCOP Activity Sheet will be implemented and required for record-keeping to improve real-time tracking and provide further validation. This measure is intended to enhance transparency and ensure the reasonableness of entries.

The purpose of the quarterly Time and Attendance review is to establish a second level of internal control, offering oversight on how time and attendance data is managed and recorded. This review serves to assure accurate reporting. Additionally, the Change of Status form remains the official agency document used to adjust allocations based on actual time spent, involving collaboration across key departments (Finance, Program, Human Resources, and Administration) and, when necessary, the Board of Directors. The ADP report and any reviewed Status Change forms will be attached to the quarterly certification.

***This form is used to certify the quarterly review. The review record is maintained according to record retention requirements.**

Quarterly Review	Date
Program	
AGENCY APPROVAL	
Print Name and Title of Official	**Signature of Authorized Official**
Human Resource Designee	
AGENCY APPROVAL	
Print Name and Title of Official	**Signature of Authorized Official**
Director	
AGENCY APPROVAL	
Print Name and Title of Official	**Signature of Authorized Official**
CEO	

Below is a sample of the WestCOP Activity Sheet.

Westchester Community Opportunity Program, Inc.

Activity Report for Period of: 11/04/2024 - 11/29/2024 Payroll #s ____________

Employee Name: Joe Smith Position: Director

		Dept #	Dept #	Dept #	Dept #					Dept #	Dept #	Dept #	Dept #		
Date	Total Hours	2301 FGP	2338 SSVF	2429 WWDAY				Date	Total Hours	2301 FGP	2338 SSVF	2429 WWDAY			
11/4/2024	7	1.75	5.25	0				11/18/2024	7	1.75	5.25	0			Holiday
11/5/2024	7	0	5.25	1.75				11/19/2024	7	5.25		1.75			
11/6/2024	7	0	7	0				11/20/2024	7	7		0			
11/7/2024	7	0	7	0				11/21/2024	7	7		0			
11/8/2024	7	1.75	5.25	0				11/22/2024	7	1.75		5.25			Vacation
11/11/2024	7	1.75	5.25	0				11/25/2024	7	1.75	5.25	0			
11/12/2024	7	0	5.25	1.75				11/26/2024	7	1.75	5.25	0			
11/13/2024	7	0	7	0				11/27/2024	7	0	7	0			
11/14/2024	7	0	7	0				11/28/2024	7	0	7	0			Holiday
11/15/2024	7	1.75	5.25	0				11/29/2024	7		5.25	1.75			Holiday
Total	70	7	59.5	3.5	0	0	0		70	26.25	35	8.75	0	0	0

Employee: Date: Supervisor: Date: ________

4. Segregation of Duties Policy

4.1 General Segregation of Duties Principles

To safeguard against fraud, error, and conflicts of interest, WestCOP will maintain clear segregation of duties between those responsible for timekeeping, payroll processing, and HR record-keeping. This ensures that no single individual has the authority to both create and approve changes to payroll or timesheet data.

4.2 Segregation of Duties in Payroll Processing

- Payroll Preparation:
    - Payroll administrators or designated personnel will prepare payroll based on approved and submitted timesheets. They will not have the ability to alter timesheet entries or approve their own work.
- Payroll Approval:
    - Payroll managers or senior personnel will review and approve the payroll report before final processing. This approval process ensures that all payroll information is accurate and complete.
    - Independent parties (e.g., finance team) will cross-check payroll reports against timesheets to verify consistency before payroll is processed.
- Payroll Distribution:
    - The individual responsible for payroll preparation and approval will not be authorized to process or distribute payments, whether through direct deposit or checks.
    - Payroll distribution functions will be handled by the HR department to ensure that access to employee financial information is limited.

4.3 Segregation of Duties in Timesheet Approval

- Timesheet Entry and Maintenance:
    - Employees responsible for entering timesheet data into the MIP system (e.g., HR or timekeeping personnel) will not have the authority to approve or modify timesheets. This ensures that only supervisors are responsible for verifying and approving timesheet entries.
- Supervisor Approval:
    - Supervisors will have the responsibility for approving the timesheets submitted by their direct reports. Supervisors will not have access to modify payroll data, ensuring that there is a clear division of roles between timesheet approval and payroll processing.

    - Any approver will have the Manager box selected in their Employee Timesheet Settings
    - Employees can enter Personal Information Change Requests through EWS that go to HR Staff for approval. Approved change requests get added to the employee record

- HR and Payroll Data Access:

- Employees in the HR or payroll departments will not have access to timesheet approval functions unless they are authorized supervisors or have a specific role in timesheet review. HR personnel should not have access to timesheet data once it is submitted unless they are conducting audits or assisting in corrections.

4.4 Access Control and Monitoring

- System Access:
  - Access to payroll, HR, and timesheet systems will be limited to individuals who require it to perform their job functions. Each role within the system will be clearly defined, and access levels will be monitored.
- Audit Trails:
  - All actions related to timesheet submissions, approvals, payroll adjustments, and HR record modifications will be logged to provide an audit trail. These logs will be regularly reviewed by management to detect any unauthorized activities.
- Periodic Audits:
  - Internal and external audits will be conducted periodically to assess compliance with segregation of duties policies and procedures. Any discrepancies found during audits will be promptly addressed.

5. Compliance and Enforcement

- Training:
  - All employees involved in time and effort reporting, payroll processing, and HR management will receive training on the policies and procedures outlined in this document.
- Non-Compliance:
  - Any employee found to be in violation of these policies may be subject to disciplinary action, up to and including termination. This includes any unauthorized modification of timesheet data, payroll information, or failure to follow the segregation of duties requirements.
- Policy Review:
  - This policy will be reviewed annually or as necessary to ensure compliance with changes in labor laws, company procedures, or technological advancements.

---

6. Conclusion

This policy establishes clear guidelines for the preparation and management of time and effort data, as well as ensuring proper segregation of duties within MIP Payroll, HR, and Timesheet functions. By adhering to these policies and procedures, we ensure the integrity, accuracy, and compliance of our payroll and HR operations while mitigating risks associated with fraud and errors.

Other Payroll Controls

Payroll Preview:

The Payroll Preview is a control report that shows what each employee will be paid.

- Each Payroll Preview has a batch number or use number. This number serves to verify that the preview register intended for transmittal was approved because of its match to the payroll register for that pay date.
- If the preview does not match, it shows that something has occurred between the last preview and actual register.

Other controls that fall under the heading of 'Other Payroll Controls':

- The printed payroll checks are given to the HR Director or her designee from the HR Department for signing and distribution
- A copy of the Payroll Register, Labor Distribution, Master Control and Change Report will be put on the shared drive for review by HR and Fiscal.
- Each pay period the following tasks relating to internal controls are to be performed by the Payroll Assistant:
  - Verify the totals from the Payroll Preview Register agree with the final totals from the Final Payroll Register
  - Ascertain that the payroll check numbers are in sequence and that the next period's payroll register begins with the next check in sequence
  - Review the payroll register and compare it with the labor distribution to ensure that the same employees are in both reports
- When HR receives the payroll checks on the day following transmittal, (typically Thursday), the HR Department compares each employee's check envelope with the payroll register for assurance that only current employees are being paid.
- The HR Department will hold both copies of the Payroll Register and Labor Distribution until review of employee's checks are complete.
- The HR Department provides the Payroll department with the accompanying reports.
- Payroll reviews involve verification that all changes were processed correctly.

- Payroll checks are released on Friday after 3:00 pm and given to the program coordinators/directors. All direct deposit checks are credited to employees' accounts on the Friday of payroll week.
- When there are situations where checks were not processed through electronic payroll system due to absence of information on an employee, Payroll department will update and process these manual checks through the electronic payroll system
- The CEO approves all hires and their salaries as well as the all salary adjustments for existing employees. All payroll actions such as new hires salary adjustments, funding change and allocation changes are done through a Change in Status Form,

which bears the signatures of the following personnel: CEO, CFO, Program Director, Lead Accountant, and HR Director or designee. Wage increases that are 8% or more require the board chairperson's signature.

- Manually prepared checks require timesheets as supports and approval is required by the HR Director, Fiscal Director, and Executive Director.
- Where a stop payment is necessary for a paper check, the following procedures must be followed:
  - Payroll personnel must fill-out a Stop Payment immediately and the CFO processes the Stop Payment through the banking software

Note: If stop payment is for a lost check, the employee must sign a Lost Check Affidavit and have it notarized before the check can be reissued to replace the lost check.

- Direct Deposit stop payment request must be on company letterhead and the following must be within the body of the letter:
  - Stop Payment request
  - Employee Name
  - Employee routing and bank account number
  - Amount of check
  - WestCOP, Inc. payroll bank account number

PAYROLL DEDUCTION POLICY

1. WestCOP, Inc. may deduct from employee paychecks amounts as required and permitted by law or as authorized by the employee in writing. This policy shall apply to all departments in their request for payroll deductions.
2. All requests for deductions from the pay of employees unless required by law shall require approval from the CFO or his/her designee. All deductions shall be based on written documentation signed by the employee. All documentation shall include the employee's name, date authorized, amount to be deducted, the schedule of deductions and the reason for the deduction.
3. WestCOP, Inc. shall comply with all requests from governmental sources such as courts and agencies for deductions from employees' paychecks. WestCOP, Inc. shall require written documentation from the external source and will disclose information only as required by law.
4. WestCOP, Inc. will not deduct amounts requested by non-governmental sources except as ordered by courts or specified by other authorities such as WestCOP, Inc.'s counsel.

PAYROLL SCHEDULE AND SUBMISSION

1. The biweekly payroll is transmitted every other Tuesday for payment. Changes are to be submitted prior to submitting a batch. No changes will be processed after a batch has been transmitted.

Below are typical payroll changes:

a. New hires
b. Changes to employee file - pay rate, deductions, addresses, etc.
c. Terminations when employees are promptly removed from payroll and any earnings due are paid on a "terminated" status.
d. Change in earnings codes.
e. After all the changes are made the following reports must be generated, printed, and verified:
f. Employee Changes Report
g. New Hire Report
h. Termination Report
i. Terminated employees are promptly removed from the Employee List Report from the Payroll Management System to ensure non-payment.

PAYROLL METHODS

The payroll methods are check and direct deposit.

PAYROLL AND THE GENERAL LEDGER

The labor distribution report, which reflects the activity on the employees' timesheets, is the source document for the payroll information, which is recorded in the financial system through the integration of the payroll and general ledger modules. Payroll cost allocations in the general ledger are reflective of the allocations that are on the employees' electronic time sheet.

CONSULTANTS AND PROFESSIONAL SERVICES

Control Objective

To maintain control over the selection, negotiation, oversight, payment and close-out of consulting agreements, and to ensure compliance with Internal Revenue Service and other governmental regulations.

Major Controls

Use of a Standard Consulting Agreement

Westchester Community Opportunity Program will use a standard consulting agreement for all consultants and professional services. The agreement will specify the exact scope of work, the consultant's obligation to pay income and self-employment taxes, and the consultant's requirement to provide his/her own tools of the trade.

Competitive Award and Extension of All Consulting Relationships

Unless approved by the Executive Director for extension, all consulting and contract person agreements will be for one year.

Performance Measurement of Consultant's Work

Each consultant will report biweekly/monthly on work accomplished and time spent on his/her own stationery or on Westchester Community Opportunity's standard voucher.

Consultant Requirements

- The requisitioning department will prepare a written scope of work for the use of a consultant/contract person.
- Before going outside, the organization to retain a consultant, a skills inventory and availability study will be conducted by the Personnel Department to determine the internal availability of required skills.
- A budget authorization request will be prepared if this expenditure has not already been approved in the annual budget.
- Several consulting sources must be identified for consideration, where feasible.
- Written justification must be provided for purchasing consulting services on a sole-source basis.

Award and Contract Preparation

Consultant contracts will be prepared by a Program Director and contain the scope of work, specifications, travel and subsistence reimbursement rates, performance dates, reporting and documentation requirements, payment terms, consultant's Federal Employer Identification number or Social Security number and clauses required based on the work to be performed.

Consultant Monitoring and Reporting

a. Each consultant will be required to maintain time records and to report time expended on his/her own stationery or Westchester Community Opportunity Program invoice.

b. Each consultant will prepare a periodic written report of accomplishments and a final report of results produced.

c. Consultant hours expended will be controlled by the Program Director, and variances between time expended and work accomplished will be resolved with the consultant.

Before award, each consulting agreement, and the underlying relationship will be reviewed by a designated staff or the legal department. The following areas will be reviewed:

a. Private contractor versus employee status accomplishing the contracted services, etc.
b. Specificity of scope of work to be performed
c. Payment for any fringe benefits
d. Consultant use of own tools of trade
e. Extent of exclusive service arrangements
f. Use of Company's office space.

PAYMENTS

WestCOP, Inc. uses the "three-way match," for non-consultant procurement payments. The "three-way match" involves comparing the quantity and prices (possibly other elements) listed on the purchase requisition/purchase order documentation against the invoice and to accompanying shipping/receiving documentation This match can take place in various stages, formats or degrees of complexity inside an organization. These documents are attached to the Pay Order, which as a matter of general compliance has the following four (4) signatures:

1. The preparer
2. The fiscal staff
3. The program manager
4. The CFO

Consultant Payments

A copy of the consultant's contract will be forwarded to the Fiscal Department.

Upon receipt of the consultant contract, the Fiscal Department will open up a vendor account for the consultant and enter the following information:

a. Contract period

b. Consultant's full billing address and telephone number

c. Consultant's FEIN or Social Security Number. The IRS Form W-9 is to be completed by Consultant and retained in the consultant's file by WestCOP, Inc.

d. Maximum dollar size of the award

Upon receipt of the authorization to make payment to a consultant, the consultant's invoice will be reviewed for adequacy and the total amount of payments made to date, including this payment request, and will be compared to the total amount of the award.

The amount of the authorized payment will be entered in the Accounts Payable System or to the Payroll Management System.

A check will be mailed directly to the consultant, unless otherwise requested.

The endorsement on returned checks will be compared to the consultant's signature on any of the following documents:

a. Purchase order/contract agreement
b. Bid tabulation sheet

c. Periodic reporting and time reporting

d. Correspondence between the organization and the consultant

TRAVEL AND ENTERTAINMENT EXPENSE REIMBURSEMENT

Control Objective

To ensure the agency pays for only authorized business travel and entertainment expenses.

Major Controls

Travel Policies

Westchester Community Opportunity Program has adopted policies on the mode of travel, maximum lodging and subsistence reimbursement, travel advances and use of corporate credit cards.

Out-of-Area Travel Approvals

All out-of-area travel in the contiguous U.S. must be approved by the employee's supervisor.

Employee Expense Reimbursement Documentation

All employees will be required to obtain and furnish documentation for individual expenses, provided they are not on a per diem basis.

Corporate Credit Cards Tightly Controlled

Corporate credit cards are not issued. Exceptions to this policy are cards used for gas, oil and repairs to agency vehicles.

Internal Accounting Controls

Justification for travel approved by employee's supervisor

Documentation for incurred employee expenses

The documentation for the employee’s expense is the Employee's Travel and Entertainment Expense Reimbursement Form.

Procedures

1. Airline, Train and Rental Car Reservations

   a. An employee planning to travel out of the area will prepare a travel authorization that must be approved by the employee's supervisor.
   b. Approved travel authorizations requiring air or train travel will be routed by hand to the Fiscal Department

2. Expense Advance or Reimbursement

Expense Advance:

An employee seeking a travel advance will forward the approved travel authorization form to the Fiscal Department for payment of a travel expense advance in sufficient time before the scheduled travel.

Within two weeks after completion of the trip and before seeking another travel advance and before receiving the next payroll check, the employee will liquidate the advance by accounting for the actual expenses incurred, completing a travel voucher form attaching originals of supporting documentation. The travel and entertainment form, approved by the employee's supervisor, will be routed by hand to the Fiscal Department for proper accounting and liquidation of the travel advance.

Expense Reimbursement:

Soon after completing a trip and no less frequently than on a monthly basis, an employee who seeks reimbursement for authorized expenses will complete a travel and entertainment form detailing the expenses incurred, attaching originals of supporting documentation.

The employee's travel and entertainment form will be reviewed and approved by the employee's supervisor and submitted to the Fiscal department.

Employee Expense Fiscal Review

Whether for an advance or reimbursement, the travel and entertainment form will be reviewed for propriety within the Fiscal Department for supporting documentation and account classification

BUDGET MODIFICATION

Budget and Program Plans

Budgeting Standards

1. Budgets are structured by categories of expenditure for each program contract. The cost categories of expenditure encompass Program and Administrative expenditures:

   a. Salaries
   b. Fringe benefits
   c. Travel (mileage, per diem, lodging)
   d. Space costs (rent, repair and maintenance to facilities, and security)
   e. Consumable supplies (office supplies, medical supplies, program supplies, publications, etc.)
   f. Equipment (purchase of equipment over $5,000; equipment leases such as for copiers or fax machines; repair and maintenance of equipment and vehicles)
   g. Consultant/Contract Services. This includes items such as: legal, audits, hired consultants for training, speech therapy, ADP service fees, gardening and janitorial services. This line also includes training and technical assistance (computer assistance), short-term consultants.
   h. Other Costs. This includes communications/telephone charges, postage, risk insurance (crime, general liability, auto insurance), advertising costs for staff recruitment, outreach/marketing, utilities (electric, gas, water, and trash), pre-employment costs like

the pre-employment health exam, TB test, and drug-testing (lab costs), duplicating documents (copy service), seminar fees and registration, membership dues, tax/license/miscellaneous fees (property taxes, State Board of Equalization fees, building permits for renovations, DMV licensing renewal fees and staff development functions like United Way-sponsored banquets.

i. Program Costs. Costs directly benefiting program clients, mortgage/rent/shelter assistance, provision for transportation or bus tickets, food costs, Food Bank food, dental and medical costs for Head Start children, and provider payments for childcare provider's direct payment.
j. In-Kind. Non-cash disbursement of funds includes donated commodities and food. It also refers to volunteer time, occupancy space (nominal fee), and community or professional services.

Uniform revenue and expenditure categories are used at all levels of budgeting and can be rolled up into an organizational budget for all programs.

A share of central management and general and common costs and certain program costs are budgeted in each activity and project up to the level it will fund (based on cost allocation standards) (and typically not more than 15%). Westchester Community Opportunity Program, Inc. is a direct allocation agency. Program contracts are charged the actual indirect costs.

All budgets reflect full costs and attempt to identify the amount of supporting funds for shortfalls in administrative cost recovery.

All budgets are synchronized with the accounting system for comparison with actual costs, adjusted for budgetary restrictions.

Budgets are prepared by coordinators/program directors who are responsible for program execution.

The internal budget review process assures uniformity and consistency in presentation. The internal staff budget review process is as follows: The Grants and Contracts Manager and/or Finance staff may assist the budget preparers in researching program grants, and preparing renewal applications for existing programs. The Fiscal Director reviews the budgets. Final modifications shall be reviewed and approved in writing by the Board of Directors. There may be review processes within the programs.

The Directors are expected to monitor expenditures within budgets and forecast significant deviations.

Compliance with laws, regulations, and contractual agreements are completely monitored through management assessments (Directors and Program Managers).

Program and activity budgets are entered into the reporting structure of the accounting system within 30 days after project start.

Budgeting for allocated costs is ultimately based on Federal cost principles and equitable sharing.

Program staff is required to buy into organizational policies regarding cost allocation.

Budgetary controls are flexible so that actual costs may be recorded for each project and activity. Flexibility of the percentage among categories is determined by the funding source.

Certain of WestCOP, Inc.'s involves budgeting by activity to be synchronized with performance measures and results assessments. Measurement tools are being created by the Grants and Contracts Manager.

Budgeting of shared costs will be based on a cost allocation plan wherein all costs are considered direct.

Budget revisions are undertaken when actual expenditures are expected to exceed the respective line-item cost.

REVISION OF BUDGET AND PROGRAMS

The budget plan is the financial expression of the project or program as approved during the award process. It may include either the Federal and non-Federal share, or only the Federal share, depending upon Federal awarding agency requirements. It shall be related to performance for program evaluation purposes whenever appropriate.

WestCOP Inc. shall comply with 2 CFR 200.308: Revision of budget and program plans. (b) Recipients are required to report deviations from budget or project scope or objective, and request prior approvals from HHS awarding agencies for budget and program plan revisions, in accordance with this section. (ii) Change in a key person specified in the application or the Federal award.

Hence, WestCOP Inc. shall request prior approval from federal or state awarding agencies for any of the following program or budget revisions:

- Change in the scope or objective of the project or program, even if there is no associated budget revision requiring prior written approval.
- Change in a key person (Program Director, Department Manager, etc.) specified in the application or award document.
- The absence for more than three (3) months, or a 25% reduction in time devoted to the project, by the approved Program Director/Department Manager or principal investigator.
- The need for additional federal or state funding.
- The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa, if approval is required by the federal or state awarding agency.
- The inclusion, unless waived by the federal or state awarding agency, of costs that require prior approval in accordance with 45 CFR 75.400 or similar state regulations.
- The transfer of funds allotted for training allowances (direct payment to trainees) or other restricted funding categories to other categories.
- Renovation projects of $250,000.00 and purchase of equipment of $5,000.00 or more.

Unless described in the application and funded in the approved awards, the sub-award, transfer or contracting out of any work under an award. This provision does not apply to the purchase of supplies, material, equipment or general support services

No other prior approval requirements are generally imposed by a Federal agency unless OMB has approved it.

Westchester Community Opportunity Program, Inc. complies with the requirements of the Federal awarding agency, including those for waivers, restriction of the transfer of funds, and construction and non-construction awards.

For both construction and non-construction awards, we are required to notify the Federal awarding agency in writing promptly whenever the amount of Federal authorized funds is expected to exceed the needs of Westchester Community Opportunity Program, Inc. for the project period by more than $5,000 or five percent of the Federal award, whichever is greater. The Fiscal Director and/or the Executive Director would contact the Federal awarding agency to notify them of the excess. (This notification is not required if an application for additional funding is submitted for a continuation award.)

When requesting approval for budget revisions, we use the budget forms that were used in the application unless the Federal awarding agency indicates that a letter of request suffices.

Within 30 calendar days from the date of receipt of the request for budget revisions, the request is reviewed by the Federal awarding agency, which notifies us whether the budget revisions have been approved. If the revision is still under consideration at the end of 30 calendar days, the Federal awarding agency shall inform us in writing of the date when we may expect the decision.

PERIOD OF AVAILABLE FUNDS

Where a funding period is specified, Westchester Community Opportunity Program, Inca may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency.

Funds may be available for a period after the official end of the grant award, sometimes 90 days or some such other period, to pay off obligations made against the grant and to cover close-out costs.

REPORTING TO GRANTORS

Major Controls:

To ensure reconciliation of contract reporting to Westchester Community Opportunity Program, Inc.'s accounting records

Accounting Records and Source Documentation

The financial management system provides for accounting records, including cost accounting records, which are supported by source documentation.

The financial management system provides for accounting records by means of data entry into the Abila MIP Accounting software system (used for producing pre-formatted financial reports, the General Ledger, revenue and expenditures reports, and other financial statements and data) and Microsoft Excel spreadsheets.

The source documentation includes original contracts, vendor invoices, timesheets, remittance advices, and other documentation supporting financial transactions.

Appropriate source documentation is maintained to support the transactions recorded in the accounting system.

Hard copies of General Journal postings are maintained as support.

MONITORING REQUIREMENTS OF DELEGATE AGENCIES

All delegates must have internal controls in place to ensure that Federal funds are safeguarded. Further, it is the responsibility of the grantee to ensure that all delegate agencies have a written cost allocation plan or process in place to verify, identify, track and report the annual development and administrative cost incurred. It is also a requirement that accurate records be maintained that identify adequately the source and application of funds for the Federal and other funding sources.

BONDING AND INSURANCE

Although the Federal awarding agency may choose to require bonding and insurance if the bonding and insurance requirements of the recipient are not deemed adequate to protect the interest of the Federal Government Westchester Community Opportunity Program, Inc. is not required by its Federal awarding agency to provide this.

The insurance policies maintained and annually renewed by Westchester Community Opportunity Program, Inc. include: A schedule of insurances is included in the appendix.

(FIDELITY BOND COVERAGE)

Westchester Community Opportunity Program, Inc. is required by the Federal awarding agency to provide adequate fidelity bond coverage (aka crime insurance; aka Employee Dishonesty Bond). The fidelity bond is held with Hartford Fire Insurance Company, in the amount of $250,000 limit. The policy is renewed annually.

FINANCIAL MANAGEMENT REPORTING

ANNUAL BUDGETS

Prior to the close of the current fiscal year, an overall agency budget is prepared. This is prepared in several steps using both Abila MIP and Excel.

FINANCIAL STATEMENTS

The controller prepares and the CFO approves month-end and year-to-date financial statements (sometimes referred to as the Board package). The board package includes the following financial statements and reports:

Balance Sheet

Statement of Revenues and Expenses

The Statement of Revenues and Expenses includes revenues and expenses (by natural expense codes) Compares actual expenses with a prorated budget for the Agency-Wide, Early Childhood and Other Non-Early Childhood Programs

Aging Receivable Schedule

Internal Pension Audit

Program Performance Schedule - Compares program revenue and expenses and separates the differences into three separate categories: (a) Deficit Programs Covered by Fund Balances; (b) Deficit Programs Overspent and Not Covered by Fund Balances; (c) Programs with Revenues Exceeding Expenses.

Comparison of Actual Expenses to Budget per Contract with a prorated budget

Aging and Uncollectible Accounts Receivable Report

Central Unabsorbed Expenses

When these reports are completed, usually, three weeks after the close, though longer for the year end reports, the Fiscal Director distributes them to the Finance Committee, Executive Committee and entire Board.

The details of the program budgets as reflected in the general ledger are available to the coordinators and program directors for their review and evaluation.

Internal Pension Audit

The CFO’s biweekly payroll review will cover the pension fund transactions, which will include voluntary employee pension contributions and pension loan repayments. The voluntary contributions and pension loan repayments are remitted after each biweekly payroll. The CFO, in reviewing the Pay Order, examines the following underlying documents:

- HR Pension Contribution Statement
- ADP Payroll Deduction Report

Both reports must reconcile.

The monthly Finance Committee Reports will include a Pension Audit Report for the previous month. This report will not have supporting documents. However, the CFO's certification must state explicitly that he or she has examined all the pertinent underlying documents. The report will be formatted as follows;

Report Name:	CFO Internal Pension Contribution and Payment Attestation Report
Fund Name:	WestCOP, Inc. Employees' Pension Fund
Custodian	Principal
Date	Current Month's Report

The body of the report will have the following rows, which will be preceded by alpha characters:

A. HR Employee Pension Contribution Statement

B. HR Employer Pension Contribution Statement

C. ADP Payroll Deduction Report

D. Principal Monthly Pension Fund Statement

To facilitate the Board's understanding of the Pension Audit Report, the bottom of the report will have the following notation: The HR Employee Pension Contribution Statement, (A), which Human Resources generates, plus the HR Employer Pension Contribution Statement must equal to D, the Principal Monthly Pension Fund Report (D), which shows the monthly amount that is remitted to the Principal Financial Group and any differences in these relationships must be corrected and evidence of the correction must be attached to the report. It will be noted that for verification that the ADP Payroll Deduction Report (C) shall equal (A).

The CFO will certify and date the report. In certifying the report, the CFO must have examined all the detailed underlying documents and state that he or she has done so.

Presentation of Financial Statements of Non-for-Profit

WestCOP, Inc. adopted the provisions for the Financial Accounting Standard Board (FASB) Accounting Standard Update (ASU) No. 2016-14, Presentation of Financial Statements of Non-for-Profit, which took into effect for interim periods within the fiscal year beginning after December 31, 2018.

The main provisions of FASB ASU 2016-14 amend the requirements for financial for financial statements and notes in Topic 958, Not-for-Profit Entities, require an NFP to:

Present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. That is, an NFP will report amounts for net assets with donor restrictions and net assets without donor restrictions, as well as the currently required amount for total net assets.

Present on the face of the statement of activities the amount of the change in each of the two classes of net assets (noted in item 1) rather than that of the currently required three classes. An NFP would continue to report the currently required amount of the change in total net assets for the period.

Continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method.

Provide the following enhanced disclosures about:

1. Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions as of the end of the period.
2. Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.
   a. Qualitative information that communicates how an NFP manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date.
   b. Quantitative information, either on the face of the balance sheet or in the notes, and additional qualitative information in the notes as necessary, that communicates the availability of an NFP's financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date. Availability of a financial asset may be affected by (1) its nature, (2) external limits imposed by donors, grantors, laws, and contracts with others, and (3) internal limits imposed by governing board decisions.
   c. Amounts of expenses by both their natural classification and their functional classification. That analysis of expenses is to be provided in one location, which could be on the face of the statement of activities, as a separate statement, or in notes to financial statements.
   d. Method(s) used to allocate costs among program and support functions.
   e. Underwater endowment funds, which include required disclosures of
      i. an NFP's policy, and any actions taken during the period, concerning appropriation from underwater endowment funds,
      ii. the aggregate fair value of such funds,
      iii. the aggregate of the original gift amounts (or level required by donor or law) to be maintained, and
      iv. the aggregate amount by which funds are underwater (deficiencies), which are to be classified as part of net assets with donor restrictions.

Report investment return net of external and direct internal investment expenses and no longer require disclosure of those netted expenses.

Use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restriction over the estimated useful life of the acquired asset).

TAX COMPLIANCE

Control Objective

To accurately prepare and file required tax documents on a timely basis.

Major Controls

Retaining Tax Counsel

Westchester Community Opportunity Program has retained a certified public accountant to prepare/advise in the preparation of the entity's periodic tax filings.

Approval of Tax Returns

Tax returns will be reviewed and approved by the CFO and the CEO.

Tax Filings Calendar

Forms and Reports

1. Single Audit
2. IRS Form W-2 - Wage and Tax Statement
3. IRS Form W-3 - Transmittal of Income and Tax Statements
4. Payroll Tax Deposits
5. IRS Form 941 - Employer's Quarterly Federal Tax Return
6. NYS-45, Quarterly Combined Withholding, Wage Reporting, and Unemployment Insurance Return
7. IRS Form 990 - Return of Organization Exempt from Income Tax
8. Form CHAR500 - Annual Filing for Charitable Organizations
9. IRS Form 1099 MISC
10. IRS Form 1099-NEC
11. IRS Form 5500 - Annual Return/Report of Employee Benefit Plan

Due Dates

1. Due the earlier of 30 days after receiving the audit report or 9 months after the end of the fiscal year.

2. Due date is January 31st each year
3. Due date for filing Form W-3 and copies of the W-2's to the Social Security Administration is January 31st
4. WestCOP is a semiweekly schedule depositor and the due date for remitting payroll taxes is the next banking day because WestCOP Accumulates at least $100,000 in payroll taxes for each pay period.

5. Due the last day of the first calendar month after the quarter ends
6. Due the last day of the first calendar month after the quarter ends
7. Due the 15th day of the 5th month after the fiscal year ends. A six-month extension is available
8. Due the 15th day of the 5th month after the fiscal year ends. A six-month extension is available
9. Due date to IRS is February 28th (paper) and March 31st (e-file) and to recipients by January 31st
10. Due date to the IRS and recipients is January 31st
11. Due date is the last day of the seventh month after the Plan Year ends. For WestCOP, the due date is July 3

The extension due date is the 15th day of the 3rd month following the original due date of the return.

.

ACKNOWLEDGEMENT OF CONTRIBUTIONS

This receipt is WestCOP, Inc.'s official acknowledgement of your gift whereby we certify that no goods or services were provided. The Internal Revenue Service requires proof of gifts of $250 or more, other than a canceled check. Since gifts to WestCOP, Inc. constitute a proper deduction under the Income Tax laws, you should retain this receipt as proof of your gift.

AUDIT PRACTICES & REQUIREMENTS

INTERNAL AGENCY AUDIT

Westchester Community Opportunity Program, Inc. is adding an Internal Auditor in order to enhance the effectiveness of our operations.

The Internal Auditor will review, apply and ensure compliance with Generally Accepted Auditing Standards (GAAS) of its Fiscal and Human Resources Policies and Procedures as well as adherence to the rules and regulations required by its contractual obligations to its funding sources, which include all Federal, State and County contracts. The Internal Auditor will be dedicated to improving WestCOP, Inc.’s operations by providing independent, objective assurance, recommendations and advice relating to evaluating potential areas of vulnerability, risk, and/or fraud and recommend preventive measures to uphold the highest standards of integrity and business conduct. Objectivity, independence, fairness, detail, intelligence and experience in GAAS practices and techniques will be the key attributes of the Internal Auditor.

The Internal Auditor will:

Develop a risk-based test plan by selecting appropriate audit approach, test procedures and sampling criteria resulting from professional judgment and departmentally defined audit methodology.

Identify weaknesses, deficiencies and loopholes and recommend risk countermeasures.

Clearly identify any fraud, non-compliance and any short-term and strategic risks to the Agency.

EXTERNAL AGENCY AUDIT

Westchester Community Opportunity Program, Inc. has a single audit conducted each year because its annual expenditure of federal awards is $1 million or more (2 CFR 200.501), which is the single audit threshold.

Determining Federal Awards Expended

The determination of when an award is expended is based on when the activity related to the award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with laws, regulations, and the provisions of contracts or grant agreements, such as: expenditure/expense transactions associated with grants, cost-reimbursement contracts, cooperative agreements, and direct appropriations; the disbursement of funds passed through to sub recipients; the use of loan proceeds under loan and loan guarantee programs; the receipt of property; the receipt of surplus property; the receipt or use of program income; the distribution or consumption of food commodities; the disbursement of amounts entitling the non-Federal entity to an interest subsidy; and, the period when insurance is in force.

Valuing non-cash assistance Federal non-cash assistance, such as free rent, food stamps, food commodities, donated property, or donated surplus property, is valued at fair market value at the time of receipt or the assessed value provided by the Federal agency.

Sub recipient and vendor determinations. An auditee may be a recipient, a sub recipient, and a vendor. Westchester Community Opportunity Program, Inc. is a grant recipient. Federal awards expended as a recipient, or a sub recipient would be subject to audit under this part. The payments received for goods or services provided as a vendor would not be considered Federal awards.

Relation to other audit requirements. An audit made in accordance with the Single Audit Requirements shall be in lieu of any financial audit required under individual Federal awards. To the extent this audit meets the Federal awarding agency's needs it shall rely upon and use such audits. The applicable provisions neither limit the authority of Federal agencies, including their Inspectors General, or GAO to conduct or arrange for additional audits (e.g., financial audits, performance audits, evaluations, inspections, or reviews) nor authorize any auditee to constrain Federal agencies from carrying out additional audits. Any additional audits are planned and performed by the awarding agency in such a way as to build upon work performed by other auditors.

Frequency of audits

The frequency of Westchester Community Opportunity Program, Inc.'s single audit is once per year.

Westchester Community Opportunity Program, Inc. operates programs that may be subject to program-specific audits. The program to be audited maintains responsibility for compliance with Audit requirements, such as preparing the financial statement(s) which include a schedule of expenditures of

Federal awards for the program and notes that describe the significant accounting policies used in preparing the schedule, a summary schedule of prior audit findings consistent with the requirements of OMB SINGLE AUDIT section 315 b, and a corrective action plan consistent with the requirements of OMB SINGLE AUDIT section 315 c.

Audit Costs

Allowable costs. Unless prohibited by law, the cost of audits made in accordance with the provisions of this part is an allowable charge to Federal awards. The charges may be considered a direct cost or an allocated indirect cost, as determined in accordance with the provisions of applicable OMB cost principles circulars, the Federal Acquisition Regulation (FAR) (48 CFR parts 30 and 31), or other applicable cost principles or regulations.

Unallowable costs. We will not charge the cost of any audit under the Single Audit Act Amendments of 1996 (31 U.S.C. 7501 et seq.) which was not conducted in accordance with the provisions of OMB SINGLE AUDIT.

PROGRAM SPECIFIC AUDITS

Westchester Community Opportunity Program, Inc. employs an external auditing firm to prepare Special Purpose Financial Statements for the NYS Department of Education contracts (ending June 30 of each fiscal year; due no later than November 15).

Auditee Responsibilities

For the purposes of audits, Westchester Community Opportunity Program, Inc.:

- Identifies in the accounts all Federal awards received and expended and the Federal programs under which they were received Federal program and award identification includes, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
- Maintains internal control over Federal programs that provides reasonable assurance that Westchester Community Opportunity Program, Inc. is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- Complies with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.
- Prepares appropriate financial statements, including the schedule of expenditures of Federal awards as per OMB Audit Guidance.
- Ensures that the audits required by this part are properly performed and submitted when due. When extensions to the report submission due date required (see Section 320 a) are granted by the cognizant or oversight agency for audit, the Fiscal Director promptly notifies the Federal

clearinghouse designated by OMB and each pass-through entity providing Federal awards of the extension.

- Follows up and takes corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with Sections 315 b and c. (if and when applicable).

AUDITOR SELECTION

In procuring audit services, we follow the procurement standards prescribed by 2 CFR Part 200. In requesting proposals for audit services, the objectives and scope of the audit should be made clear. Factors to be considered in evaluating each proposal for audit services include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of external quality control reviews, and price.

An auditor who prepares the indirect cost proposal or cost allocation plan may not also be selected to perform the audit when the indirect costs recovered by the agency during the prior year exceeded $1 million. This restriction applies to the base year used in the preparation of the indirect cost proposal or cost allocation plan and any subsequent years in which the resulting indirect cost agreement or cost allocation plan is used to recover costs.

Federal auditors may perform all or part of the work required if they comply fully with the applicable requirements of OMB SINGLE AUDIT GUIDANCE.

PROGRAMMATIC FINANCIAL STATEMENTS AND REPORTS

The Fiscal Director prepares financial statements that reflect Westchester Community Opportunity Program, Inc.'s financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited. The financial statements shall be for the same organizational unit and fiscal year. The agency-wide financial statements may also include those programs, divisions, agencies, and other organizational units that have separate audits and prepare separate financial statements.

Schedule of Awards

The Controller prepares and the CFO approves schedules of expenditures of Federal awards for the period covered by the financial statements. Our Schedule of Awards provides the following information:

1. Amount of Federal awards expended;
2. List of individual Federal programs by Federal agency;
3. For Federal awards received as a sub-recipient, the name of the pass-through entity, if any, and an identifying number assigned by the pass-through entity; (if and when applicable)
4. Total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available;
5. Notes describing the significant accounting policies used in preparing the schedule;

To the extent practical, pass-through entities should identify in the schedule the total amount provided to sub-recipients from each Federal program; and in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year-end. While not required, it is preferable to present this information in the schedule.

OTHER FEDERAL REPORTS

The lead accountants prepare and the CFO approves and submits the following periodic Federal Financial Reports:

SF-424
SF-424A
SF425
SF428
SF429
SF429-A
FFR
PPR

AUDIT FINDINGS FOLLOW-UP

Westchester Community Opportunity Program, Inc. is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the Controller prepares a summary schedule of prior audit findings. The controller collaborates with the controller and prepares a corrective action plan for current year audit findings, which is consolidate. The summary schedule of prior audit findings and the corrective action plan include the reference numbers the auditor assigns to audit findings. Since the summary schedule may include audit findings from multiple years, it shall include the fiscal year in which the finding initially occurred.

The Controller has primary responsibility for preparing a summary schedule of prior audit findings that reports the status of all audit findings included in the prior audit's schedule of findings and questioned costs relative to Federal awards. The summary schedule of prior audit findings is prepared in accordance with OMB Audit Single Guidance. The CFO reviews the summary schedule and the corrective action plan

Corrective Action Plan

At the completion of the audit, Westchester Community Opportunity Program, Inc. must prepare a corrective action plan to address each audit finding included in the current year auditor's reports. The corrective action plan provides:

1. the name(s) of the contact person(s) responsible for corrective action,
2. the corrective action planned, and

3. the anticipated completion date.

   If Westchester Community Opportunity Program, Inc. does not agree with the audit findings or believes corrective action is not required, then the corrective action plan shall include an explanation and specific reasons.

AUDIT REPORT SUBMISSION

The audit shall be completed, and the appropriate data collection forms and reporting package are submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. Unless restricted by law or regulation, Westchester Community Opportunity Program, Inc. makes copies available for public inspection.

Westchester Community Opportunity Program, Inc. submits a data collection form that states whether the audit was completed in accordance with applicable regulations and provides information about the agency, its Federal programs, and the results of the audit. The Executive Director signs a statement certifying that the agency complied with the requirements, the form was prepared in accordance with the regulations (and the instructions accompanying the form), and the information included in the form, in its entirety, are accurate and complete.

The Fiscal Director is responsible for preparing the reporting package in accordance with applicable regulations, including OMB SINGLE AUDIT GUIDANCE.

Submission to clearinghouse. The CFO is responsible for submitting to the Federal Audit Clearinghouse designated by OMB the data collection form and one copy of the reporting package for:

The Federal clearinghouse to retain as an archival copy; and

Each Federal awarding agency when the schedule of findings and questioned costs disclosed audit findings relating to Federal awards that the Federal awarding agency provided directly, or the summary schedule of prior audit findings reported the status of any audit findings relating to Federal awards that the Federal awarding agency provided directly.

Additional submission by sub recipients.

In addition to the requirements of OMB SINGLE AUDIT Section 320 d, auditees that are also sub-recipients shall, at a minimum, submit to each pass-through entity one copy of the reporting package for each pass-through entity when the schedule of findings and questioned costs disclosed audit findings relating to Federal awards that the pass-through entity provided or the summary schedule of prior audit findings reported the status of any audit findings relating to Federal awards that the pass-through entity provided.

Instead of submitting the reporting package to a pass-through entity, when a sub-recipient is not required to submit a reporting package to a pass-through entity), the sub-recipient shall provide written notification to the pass-through entity that:

an audit of the sub-recipient was conducted in accordance with OMB SINGLE AUDIT Section 320 e (including the period covered by the audit and the name, amount, and CFDA number of the Federal award(s) provided by the pass-through entity); the schedule of findings and questioned costs disclosed no audit findings relating to the Federal award(s) that the pass-through entity provided; and the summary schedule of prior audit findings did not report on the status of any audit findings relating to the Federal award(s) that the pass-through entity provided.

A sub-recipient may submit a copy of the reporting package to a pass-through entity to comply with this notification requirement.

1. In response to a written request by a Federal agency or pass-through entity, Westchester Community Opportunity Program, Inc. will submit appropriate copies of the reporting package and copies of any management letters issued by the auditor.
2. Report retention requirements. Westchester Community Opportunity Program, Inc. keeps one copy of the data collection form and one copy of the reporting package on file for three years from the date of submission to the Federal clearinghouse designated by OMB. Pass-through entities shall keep sub-recipients' submissions on file for three years from date of receipt.

Federal Agencies and Pass-Through Entities

Recipients expending more than $25 million a year in Federal awards shall have a cognizant agency for audit.

COMPENSATION

1. Salaries and wages are compensation for personal services of employees rendered during the period of performance under the Federal award. Compensation for personal services may also include fringe benefits which are addressed in 2 CFR PART 200 Section 200.431. Costs of compensation are allowable to the extent that they satisfy the specific requirements of 200.431, that the total compensation for individual employees:
2. is reasonable for the services rendered and conforms to WestCOP, Inc.’s established written policy and consistently applied to both Federal and non-Federal activities; and follows an appointment made in accordance with WestCOP, Inc.’s written policies and procedures and meets the requirements of Federal statute, where applicable.
3. Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of WestCOP, Inc. In cases where the kinds of employees required for Federal awards are not found in WestCOP, Inc.’s other activities, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which WestCOP, Inc. competes for the kind of employees involved.

4. Costs which are unallowable under other sections of these principles that 2 CFR Part 200 enunciates must not be allowable under this section solely on the basis that they constitute personnel compensation.

5. The allowable compensation for certain employees, for example, the Executive Director is subject to a ceiling in accordance with statute. For the amount of the ceiling for cost-reimbursement contracts, the covered compensation subject to the ceiling, the covered employees, and other relevant provisions, see 10 U.S.C. 2324(e)(1)(P), and 41 U.S.C. 1127 and 4304(a) (16). For other types of Federal awards, other statutory ceilings may apply.

6. Extra pay will be allowed for exempt employees. This policy aligns with the rules concerning exempt employees and shall be as follows:

   > As long as the exempt employee is paid on a salary basis, the employer has met its Fair Labor Standards Act (FLSA) compensation obligation. Compensating beyond the salary does not nullify the salary basis, as explained in 29 CFR Part 541.604. According to that regulation, "Such additional compensation may be paid on any basis (e.g., flat-rate sum, incentive payment, straight-time hourly amount, time and one-half or any other basis).and may include paid time off."

7. Incentive compensation is part of WestCOP, Inc.'s overall compensation plan and can be awarded to its employees. The incentive award basis includes but is not limited to: cost reduction, efficient performance, suggestion awards, and safety awards. According to 45 CFR Part 75, Incentive compensation is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the agency and the employees before the services were rendered, or pursuant to an established plan followed by the agency so consistently as to imply, in effect, an agreement to make such payment.

   The agreement or established plan will accompany any Change of Status Form for such compensation and will be held on file in the employee's HR records and the agency's financial records according to the record retention policy. WestCOP, Inc. Incentive Compensation Plan is included in the HR Manual

APPENDIX I

WESTCHESTER COMMUNITY OPPORTUNITY PROGRAM (WESTCOP), INC.
COST ALLOCATION PLAN

Purpose/General Statements

The purpose of this cost allocation plan is to summarize the methodology and procedures that WESTCOP will use to allocate costs to various program grants, contracts and agreements
The Cost Allocation Plan has been developed by WESTCOP, Inc. to fairly and equitably allocate shared costs to all of the programs benefitting from these costs.

As per Uniform Guidance 2 CFR Part 200, WESTCOP is doing its allocation to assign a cost, or a group of costs, to one or more cost objective(s), in reasonable proportion to the benefit provided or other equitable relationship. This process entails assigning a cost(s) directly to a final cost objective or through one or more intermediate cost objectives.

WESTCOP complies with the cost principles when allocating costs. The Cost Principles detail the circumstances under which costs are allowable under a federal award. These cost principles are in accordance with the Uniform Guidance 200 CFR Part 200 Subpart E. Additional information related to cost allocation plans and indirect cost agreements as per Appendices III - VII to Part 200 are being followed and applied. WESTCOP's cost allocation plans are certified by the Chief Financial Officer (CFO).

Costs are segregated between "direct" and "indirect" costs of delivering the specific programs. Direct costs are those costs that can be identified specifically with a final cost benefit or objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs. Indirect costs are those costs incurred for common or joint purpose benefitting more than one cost objective, and cannot readily be assigned or identified with a particular cost objective, specifically benefitting, without effort disproportionate to the results achieved.

Only costs that are allowable, in accordance with the cost principles, will be allocated to benefiting programs by WESTCOP, Inc.

General Approach

The general approach of WESTCOP in allocating costs to particular grants and contracts is as follows:

A. All allowable direct costs are charged directly to programs, grant, and contracts

B. Allowable direct costs that can be attributed to more than one program are prorated individually as direct costs using a base most appropriate to the specific cost being allocated

C. All other allowable general and administrative costs (costs that benefit more than one programs and can't be identified to specific program) are allocated to programs, grants, etc. using a base that results in an equitable distribution.

This approach results in a layered funding methodology where direct costs that benefit two or more projects or activities will be recovered using direct cost allocation principles and the remaining indirect costs will be allocated using a method that is most appropriate to the specific costs being allocated or through an indirect cost rate, which will be accomplished through a negotiated indirect cost rate as soon as is practicable.

Determining Allowability:

1) Allowability of costs is accorded consistent treatment throughout WESTCOP, Inc. To be allowable under an award, costs should be reasonable, necessary and allocable. This must meet the following general criteria:

a) Be reasonable for the performance of the award and be allocable thereto under these principles.

b) Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.

c) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of WESTCOP

d) Be accorded consistent treatment.

e) Be determined in accordance with generally accepted accounting principles (GAAP) in the U.S.

f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.

g) Be adequately documented.

ALLOCATION OF COSTS

The following information summarizes the methodology that will be used by WESTCOP as of XXXX

All allowable general and administrative costs are allocated based on the percentage of WESTCOP'S total actual administrative costs compared to the total direct program costs for the prior fiscal year. WESTCOP will review these numbers at six monthly intervals and whenever there is a change in funding sources, such as the loss or addition of a program.

A. Salaries and Wages- Salaries and wages shall be charged directly and indirectly based upon the functions performed by each employee, as documented on the respective employee's timesheet as follows:

Direct Costs - Non-Administrative staff shall charge their time directly since their work is specifically identifiable to specific grants or other (non-federal) programs or functions of the organization.

Indirect Costs - Administrative staff shall charge a percentage of their time, based on time and effort, to the programs that benefit from their time and effort. The allocation of the employees' time an effort must be reviewed and approved by their supervisors when the employees' time sheet is approved.

Compensated absences (vacation leave earned, sick leave used, and holiday pay) shall be included in salary costs. WESTCOP's accounting system shall record salaries associated with compensated absences as a direct or indirect cost in the same manner that salary costs are recorded.

B. Fringe benefits (FICA, UC Workers Comp) are allocated in the same manner as salaries and wages. Health, dental, life and vision Insurances and other fringe benefits are also allocated in the same manner as salaries and wages, based on actual enrollment.

C. Travel Costs - Allocated based on purpose of travel. All travel costs (local and out of town) are charged directly to the program for which the travel was incurred. Travel costs that benefit more than one programs will be allocated based on the ratio of each program's salaries to total salaries (time and effort).

D. Professional Services Cost (such as consultants, accounting and auditing services) - Allocated to the programs benefiting from the service. All professional service costs are charged directly to the program for which the service was incurred. Costs that benefit more than one program will be prorated to those programs based on the ratio of each program's salaries to total salaries (time and effort).

E. Office Expense and Supplies (including office supplies and postage) - Allocated based on usage. Expenses used for specific program will be charged directly to that program to that program. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total salaries (time and effort).

F. Equipment cost will be charged directly to the program using the equipment. If more than one program uses the equipment, then an allocation of cost will be based on the ratio of each program's salaries to the total salaries (time and effort).

G. Printing/Copying costs (including supplies, maintenance and repairs) - Printing costs shall include all paper and copy supplies, copier maintenance charges, and the actual lease cost or depreciation expense of the copier. Expenses are charged directly to programs that benefit from the service. Expenses that benefit more than one program are allocated based on the actual usage as distributed to each program and for the allocation made to admin, this is allocated based on the ratio of each program's salaries to the total salaries (time and effort).

H. Insurance - Insurance needed for a particular program is charged directly to the program requiring coverage. Other insurance coverage that benefits all programs is allocated based on the ratio of each program's square footage utilization to total square footage or based on another equitable method.

I. Telephone/Communications - These expenses are charged directly to programs if readily identifiable. Other telephone or communications expenses that benefit more than one program will be allocated to those programs based on the number of telephones/communications used per program or based on another equitable method.

J. Facility Expenses - Allocated based upon usable square footage. The ratio of total square footage used by all personnel to total square footage is calculated. Facilities costs related to administrative activities are allocated to the program based on the ratio of program square footage to total to total square footage. In the case of Head Start, square footage is based on actual square footage use per classroom or based on another equitable method

K. Training/Conferences/Seminars - Allocated to the program benefiting from the training. Cost that benefits more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries or based on another equitable method

L. Other Costs

1. Accounting Fees: Allocated based the Agency/Central Shared Cost Allocation Plan

2. Payroll Fees: allocated based on the Agency/Central Shared Cost Allocation Plan

3. Vehicle Maintenance: Allocated to the program benefiting from the vehicles. In the case of the CAP site vehicles, allocation is based on the FTE Cost Allocation Plan.

4. Field Trips: Allocated to the program benefiting from it.

5. Parent Services -Allocated to the program benefitting from it

All non-personnel Community Action Programs (CAP) shared direct cost are allocated using the following methodology:

a. FTE Cost Allocation Methodology is used for Direct site shared expenses that cannot be identified to a direct program (ex. rent, utilities, facility maintenance, etc.). FTE Cost Allocation Plan is based on the direct employee's payroll timecard information. Employee timesheets are documented by the employees based on the functions performed by each employee daily.

M. Unallowable Costs: Costs are unallowable in accordance with 2 CFR Part 200, including alcoholic beverages, bad debts, advertising (other than help wanted ads), contributions, entertainment, fines and penalties. Lobbying and fundraising costs are unallowable, however, are treated as direct costs and allocated their share of general and administrative expenses