

FISCAL MANAGEMENT

I. ACCOUNTING/FINANCIAL

All Accounting and Financial duties are directed through the Fiscal Department -under the direction and supervision of the Executive Director. Fiscal responsibility and liability ultimately rest with the Executive Director, Fiscal Director and Board of Directors.

The Fiscal Director is responsible for maintaining fiscal integrity through the implementation of internal controls. A financial system that ensures budget management, maintains control over current operations, and provides a complete and accurate record which includes the following:

- A. Financial Statements to identify each source and use of funds with actual and budgeted amounts. This department will generate monthly budget reports and distribute them to Policy Council Members, Board Members, and Management.
- B. Actual to budgeted amounts will be monitored on a monthly basis. Costs will be projected and budget revisions made. The Executive Director will obtain Policy Council approval for any revisions and/or supplemental grant applications that require approval from the funding sources.
- C. Accounting records supported by source documentation as follows:
 - 1. Purchase order and Supply Requisition forms are required to purchase supplies and equipment.
 - 2. A complete record of disbursement will be maintained which includes, the invoice or check request, purchase order, supply requisition, and check stub from the written check.

These records will be kept for three years after the fiscal year ends or longer if there are unresolved audit issues.

- D. Vouchers and billings are dated as to when paid and then filed in a timely and organized manner.
- E. Payroll records are kept on each individual employee. These records will be kept for seven years. The file includes, but is not limited to the following:
 - 1. Payroll forms which state rate of pay, program employed by, and any other special employment conditions;
 - 2. Sick leave and annual leave records;
 - 3. Amount of pay and deductions are recorded each pay period; and
 - 4. W-4 and I-9 forms.
 - 5. Payroll will change staff salaries only after receiving the appropriate paperwork from the Human Resources Department. Payroll will be monitored monthly to ensure allowability and correct allocation of staff salaries to the proper grants.

- F. Lease and Rental agreement records are kept in the Administrative office. Rental payments are payable at the beginning of each month. When monthly lease and

rental agreement payments are made, documentation is filed in the Fiscal office. Leases will be kept on file for three years after the lease expires.

- G. Records are kept on all consultants that the agency utilizes.
- H. Records are kept on all written contracts/agreements for educational services, maintenance on equipment and interagency services.
- I. Bank Statements will be reconciled at the end of each month. All interest income and any bank charges will be posted to the general ledger on a monthly basis to ensure proper financial reporting and provide the board with accurate information. Human Resource Director to review Bank Statement and Reconciliation monthly.
- J. Audit adjustments will be made no later than 3 months after receiving them and the general ledger will be reconciled to the audited financial statements.
- K. The general ledger, especially the balance sheet accounts, will be reconciled monthly and adjusted to correct any errors or mispostings that have occurred. Payroll liabilities, accounts payable and fund balance accounts will be reconciled monthly.
- L. Any checks outstanding for more than three months will be reviewed and followed up with the vendor to reduce stale dated checks. Oregon's unclaimed property laws will be followed. At the end of every two year period, unclaimed checks will be researched and at the end of the third year the unclaimed property will be remitted to the state.
- M. Internal Control Procedures
 1. Draw down procedures: After payroll has been processed, which is the day before the payroll ACH file is sent and vendors are paid, the accounting system will be utilized to determine the amount of expenses in Head Start program accounts 120, 122, 220, and 225. Based on these expenses, money is drawn down from the Division of Payment Management to cover these expenses. Draw downs typically occur twice per month, unless weekly accounts payable is unusually high.
 2. The receptionist will date stamp all checks received by mail and hand them to the fiscal department. These checks will be logged into the check log and stamped with our bank endorsement. All cash received will be collected by or turned into the fiscal department immediately or by the next working day, if after work hours. A receipt will be written for all cash transactions. Deposits will be done twice a week. Pending deposits will be locked up.
 3. Cash and checks received at centers will be safeguarded until either a deposit is made or the cash and checks are brought to the fiscal department by a staff member. If the deposit is made by a designated staff person, then they need to turn in a copy of the receipt and backup information by the next working day.
 4. Electronic funds deposited directly to the bank account will be recorded in the check log. All backup pertaining to the electronic deposit will be sent to

the fiscal department.

- N. To the greatest extent possible the agency will maintain separation of duties. No employee may control all aspects of a financial transaction.
- O. Access to the accounting server will be limited to the fiscal department and the Information Systems Director. The server will not have external access. The fiscal director will set up accounting access only to the fiscal department. Accounting data will be backed-up regularly with off site storage.

II. CONFIDENTIALITY

Those with Fiscal responsibility have access to confidential information including: bid proposals, individual salary information, and wage garnishments. This information must be kept private, to be shared only with appropriate individuals. Violation of this policy will result in a formal reprimand and/or other forms of disciplinary action up to and including termination.

III. GRANT MANAGEMENT

- A. Umatilla-Morrow Head Start, Inc. (UMCHS) supervises a variety of state and federally funded grant awards. The agency's fiscal year begins June first; however, individual grants may have a different financial reporting year.

GRANT AWARD	YEAR-BEGINNING DATE	YEAR-ENDING DATE
* Head Start/Early Head Start	June 1	May 31
* Oregon Prekindergarten/EHS	July 1	June 30
* Women, Infants and Children (WIC)	July 1	June 30
* Child Care Resource & Referral	July 1	June 30
* USDA	October 1	September 30
* Family Support & Connections	July 1	June 30
* Healthy Start	July 1	June 30
* CASA	July 1	June 30

A list of required annual and quarterly reports (along with their due dates) is to be kept in the Fiscal Department. An annual financial audit shall be conducted by a Certified Public Accountant or a licensed Public Accountant. Formal bids for this service will be accepted on a regular basis.

B. Current Training on Grants

1. The Executive director, Fiscal Director, Associate Director of Administrative Services, and Accounting Assistants will stay current with all applicable grant policies by attending trainings when offered.
2. The Executive director, Fiscal Director, Associate Director of Administrative

Services, and Accounting Assistants will read the grant administration manual as updates occur and utilize it as a resource guide when making decisions.

IV. COMPENSATION

- A. The salary schedule shall be reviewed during the grant application process each year. Any changes to the salary schedule shall be approved by the Board of Directors.
- B. The compensation of the Executive Director shall be determined by the Board of Directors.

V. COST ALLOCATION

HEAD START AND OREGON PREKINDERGARTEN

OPP and State EHS is considered matching funds for Head Start/Early Head Start, due to this UMCHS, INC. considers these grants as one program. Funds will be expended from both grants that meet all funding requirements. At times, funds may be allocated based on number of children served in each program.

SALARY ALLOCATIONS:

Allocations are based on the number of hours worked in specific programs each pay period multiplied by the employee's hourly wage (wage includes the cost of fringe benefits provided by UMCHS, INC.).

- Executive Director, Fiscal Director, Accounting Assistant, Fiscal Administrative Assistant, Receptionist, Child Resource & Referral Director, and Nutrition Director salary allocations are based on the cost allocation reports filled out each pay period.
- Operations Directors, Grant County Program Manager, Health Manager, Education Managers, Education/Social Services/Mental Health Directors, Health Resource Specialist, and Transportation Manager salary allocations are based on the number of children served or staff supervised.
- Associate Director of Administrative Services and Information Systems Director salary allocations are based on agency FTE.
- Team Leaders' salary allocations are based on the number of FTE supervised.
- The Child and Family Advocates, Family Advocates, Cooks, and Bus Drivers salary allocation is based on the number of children being served at their site.

SPACE & UTILITIES ALLOCATIONS:

The space and utilities= allocations for UMCHS, Inc. offices and centers are based on actual square footage each program uses. Shared space is based on the employees FTEs multiplied by the cost per square foot.

SUPPLIES & COPIES:

All requests for supplies are submitted to the Purchasing Agent (Fiscal Administrative Assistant). A Supply Requisition Form or supply log is filled out by the staff member with the item and amount needed, signed, dated and coded to funding source. Cost sheets are maintained by the Fiscal Administrative Assistant. Each month, the Operations Directors complete a cost report for the Fiscal Director. All programs are charged for the items requisitioned. The paper and maintenance are charged as items are purchased based on annual usage. This percentage will be calculated from the previous year's usage. All postage is maintained by the Receptionist. Each program is kept separate and at the end of each month the Receptionist will give the figures to the Fiscal Director for the monthly cost report. Laminating, chart printing and binding are also kept on each program and charged accordingly. The monthly cost reports are turned into the Fiscal Director on the 30th or 1st of each month and the information is charged to the various programs by doing a general journal entry.

TELEPHONE ALLOCATIONS:

The telephone allocations are based on employees' FTE. The FTEs for the sites are added together and a percentage is figured. Monthly charges are multiplied by the percentage figured. The long distance calls are allocated by using phone logs which are kept by the center and individual employees and coding when the call is made through the phone company. This allocation is done when the bills are paid.

TRANSPORTATION ALLOCATIONS:

All fuel, maintenance, and insurance costs are paid by Head Start and then charged to other programs in the agency on a cost per mile basis. In June a cost per mile is calculated by using the annual fuel, maintenance, and insurance costs divided by the total miles traveled during the previous year.

One vehicle purchased by the Corporation pays directly for all costs associated to it. If other programs utilize the vehicle they will reimburse the corporation for the use on a per mile charge.

Mileage sheets are kept on all the vehicles and turned in at the end of each month. Each sheet has the name of the program using the vehicle, date, beginning and ending mileage. The Transportation Manager totals all the mileage sheets and turns in a Monthly Report that has a total of all miles traveled for each program to the Fiscal Director. The cost per mile is multiplied by the number of miles each program used. A general journal entry is made to charge individual programs for use of vehicles during the month and the transportation line item for Head Start is credited.

AUDIT:

The audit costs are allocated by the ratio of Grant expenses of the different programs. This allocation is done when the bill is paid.

INSURANCE:

The student accident insurance is allocated by the ratio of children of each program. The automobile insurance is charged to Head Start and Corporate (for its one vehicle) and then is charged out as part of the cost per mile when another program uses the vehicles. General liability insurance is based on the facility used by each program. The Director and Board insurance is based on the ratio of Grant Revenue of each program.

VI. PAYROLL AND TAXES

The Fiscal Office has custody of all payroll and payroll tax information. Payroll dates will be recommended by management. Payroll will be issued bimonthly, on or before, the 5th day of the month and the 20th day of the month. Taxes (FICA, federal and state) are to be paid with each payroll and are due within 72 hours of payroll disbursement.

VII. PROCUREMENT POLICY

In compliance with the requirements of 45 CFR 74 (Federal Regulations governing the Administration of Grants under the Department of Health and Human Services) it is the official policy of this agency that:

All solicitations for goods and services will provide:

- A Clear and Accurate Description
- A Description (if practical) of technical requirements which will not be unduly restrictive
- The Specific Features of "Brand Name or Equal" descriptions that bidders are required to meet.

For all procurement actions under \$100,000, cost comparison may be conducted through estimates obtained by telephone, written requests, or through comparison of catalog costs. The Fiscal Administrative Assistant will compile a cost comparison list of basic supplies the agency uses on a regular basis. This list will be updated at least twice per year. Price, shipping costs, availability, and quality will be taken into consideration when supplies are purchased.

Acquisition cost of equipment means the net invoice price of equipment, including modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment usable for the purpose for which it was acquired. Other charges, such as cost of installation, freight, duty or protective in-transit insurance shall be excluded from the unit acquisition cost. Prior approval is required for purchases for each program if over the following amounts:

Program	Amount	Prior Approval
WIC	Over \$5,000	State Health Division
OPP	Over \$25,000	Department of Education
CCR&R	Over \$5,000	CCR&R Network
USDA	Over \$500	Department of Education

Head Start

Over \$25,000

Regional Office, Head Start Bureau

1. CONFLICT OF INTEREST

- A. Officers, employees or agents of this organization shall not solicit nor accept personal gratuities, favors, or anything of significant monetary value from contractors or potential contractors - generally considered anything with a value of more than \$25.
- B. Failure to comply with this prohibition shall be considered just cause for suspension or termination of the officer, employee or agent as specified in this organization's personnel policies and procedures document.
- C. All employees engaged in the award and administration of contracts or other financial awards sign statements that they will not solicit or accept personal gratuities, favors, or anything of significant monetary value from contractors or potential contractors.

2. FREE COMPETITION

All procurement actions undertaken on behalf of Umatilla-Morrow Head Start, Inc. by its officers, employees or agents, whether negotiated or advertised and regardless of dollar value, must be conducted in a manner providing maximum open free competition. UMCHS will not use a "cost plus a percentage of cost" method. UMCHS will only use responsible contractors who possess the ability to complete the contracts and UMCHS will not use debarred or suspended contractors.

3. DETERMINATION OF NEED

- A. The Executive Director, Component Director/Manager, Team Leader, and/or Operations Director shall review each proposed purchase to determine: 1) whether the item is actually needed, and 2) if needed, whether there are alternatives preferable to purchasing (i.e. lease vs. buy decisions).
- B. Purchasing Agents in charge of petty cash funds:
 - \$50 each for Team Leaders, Operations Director or other Manager assigned to a specific site and the assigned Main Office Manager.
- C. All incidental supplies will be purchased with petty cash. Petty cash expenditures are not to exceed the monthly allotment.

Equipment and supplies are available in the Administrative Offices located in Hermiston. It is each individual's responsibility to be familiar with supplies on hand. Requests for supplies and equipment will be completed on a supply requisition form outlining items, amounts, and amount received. The supply requisition form will then be signed by the person receiving supplies and the administrator who disperses supplies. An updated supply list will be maintained by the Operations Directors and will be distributed to all staff on a regular basis.

4. SOLICITATIONS FOR GOODS AND SERVICES

Procurement actions where costs are expected to exceed \$100,000 shall be conducted through a negotiated procurement or sealed bid. Requests for bids shall contain clear specifications and shall not contain features which unduly restrict competition. Sole source for procurement over \$100,000 must be approved by the Regional office.

5. SMALL, MINORITY-OWNED, AND WOMEN'S BUSINESSES

Keeping in mind the need to conduct grant business prudently and at reasonable cost, positive efforts will be made to use local, small, and minority-owned businesses if their costs are reasonable and their service competitive. UMCHS will make available information on upcoming opportunities for purchases and contracts. UMCHS will consider firms who subcontract out with small businesses, minority-owned, and women's business enterprises and encourage consortiums of such businesses. UMCHS will use the services and assistance of organizations that assist in the solicitation and utilization of small, minority-owned, and women's businesses.

6. SUPPLY REQUISITION FORM

- A. All requests for supplies and equipment will be recorded on a supply requisition form and submitted to an appropriate Team Leader or Supervisor for final approval.
- B. The Team Leader or Supervisor needs to initial the supply requisition and put the appropriate account code.
- C. Upon approval, the requisition form will go to the Fiscal Department for a purchase order and then to the appropriate Purchasing Agent (Operations Director, Fiscal Administrative Assistant, or the Grant County Program Manager) for purchase.

7. PURCHASE ORDERS

- A. All purchase orders will be written by the Fiscal Department and approved by an authorized purchasing agent.
- B. The original will be sent to the vendor, the pink copy will be given to the Fiscal Department, and the yellow copy will be given to the Purchasing Agent until goods are received.
- C. Upon receipt of all merchandise, the yellow copy will be marked "received" and dated.
- D. The yellow copy will then be sent to the Fiscal Department.
- E. "Prepaid" will also be marked on Purchase Orders which have been paid previously. Also, the purchase order will state if the supplies were purchased with the American Express card.
- F. The Fiscal Department will make payment only after the pink P.O. copy; the yellow P.O. copy and invoice have been correctly matched. Correctly matched invoices will be paid on a weekly basis usually each

- Thursday.
- G. In emergency situations, the Executive Director may sign purchase orders. However, in order to maintain the integrity of internal control, the roles of purchase initiation, generation, payment, and check signing should be separated. Two signatures are required on all checks.

8. USE OF CREDIT CARDS

- A. Credit Cards are a method of purchase and payment for authorized purchases that further the business of UMCHS. Credit Cards do not authorize a particular purchase. Anyone making a purchase with a Credit Card must follow all applicable purchasing policies and procedures. All credit cards issued will be signed for by the staff person holding the card.
- B. The Executive Director is the sole entity authorized to utilize the agency American Express Card or authorize its use. A log will be maintained of all card purchases authorized by the Executive Director and will be initialed by same.
- C. The Information Systems Director will be issued a credit card for purchase of computer supplies. The Associate Director of Child & Family Services will issued a credit card for purposes of paying for lodging when traveling to OHSA meetings.
- D. Credit Cards may not be used for Cash Advances or Personal Use.
- E. Credit Card users will understand and follow all purchasing policies and procedures. Credit card users will turn in receipts for all purchases in a timely manner to the fiscal department. Credit Card users will ensure the physical security of assigned Credit Cards. Credit Card users will maintain a documentation log for all purchases. Credit Card users will report all unusual and inappropriate Credit Card use to their supervisor and the Fiscal Director. The Credit Card user will immediately report all missing Credit Cards to their supervisor and the Fiscal Director.
- F. The Fiscal Director will oversee the Credit Cards. The Fiscal Director will periodically review Credit Card purchases for compliance with purchasing requirements. The Fiscal Director will provide training on Credit Card use. The Fiscal Director will co-ordinate with the Associate Director of Administrative Services and supervisors on any Credit Card misuse.
- G. Gas Credit Cards will be used for agency vehicles only and only to purchase fuel for the agency vehicle. All fuel purchases will be logged on to the vehicle's monthly mileage sheet.
- H. Employees will be required to reimburse UMCHS for all inappropriate purchases. Employees who misuse the Credit Card may be subject to discipline up to and including dismissal. Applicable criminal charges may be pursued.

9. CONVERSION TO THE METRIC SYSTEM

Umatilla-Morrow Head Start, Inc. will convert to the metric system when it is cost effective or specified in the contract.

10. RECYCLING OF MATERIAL

The agency will whenever feasible and practical recycle all paper products and other materials. When possible and cost effective, the agency will purchase recycled paper products and other materials. The agency will whenever feasible and practical purchase products and services that conserve natural resources, protect the environment, and are energy efficient.

VIII. PROPERTY MANAGEMENT

1. FILES

Files will be maintained for all single purchase items where the cost exceeds \$5,000. These files will be kept for three years after final disposition. These files shall include the following minimum documentation:

- Request for Bid (if applicable).
- Responses to Bid Request (if applicable).
- Documentation of Telephone, Written Requests for Bids, or Catalog Estimates.
- Basis for Selection of Supplier if lowest bid not chosen.
- Copy of Approved Purchase Order.
- Copy of paid Invoice.
- Copy of Check Stub

2. NONEXPENDABLE PERSONAL PROPERTY

A property log and records shall be maintained for all equipment with a useful life of more than one year and a value of \$5,000 or more. UMCHS, Inc. reserves the right to include other supplies in this record. Any transfer or disposition of supplies or equipment that are included in this record need to have an inventory transfer form filled out and submitted to the Fiscal Department.

Records to include:

1. Description of property
2. Serial # or I.D. #
3. Title vests recipient/federal
4. Acquisition Date
6. Where purchased
6. Source of funds/grant number
7. Location and condition of property
8. Unit Acquisition Cost
9. Disposition of property
 - a. Sale price
 - b. Method of determining market value (depreciation schedule)

Any equipment purchased with USDA/WIC funds that has no useful life will be disposed of with the funder=s permission (disposition instructions from the awarding agency will be requested). Disposition will provide for one of the following alternatives:

1. Retention of title. Retain title after compensating the awarding agency.
2. Sale of property. Sell the property and compensate the awarding agency.
3. Transfer of title. Transfer title to the awarding agency or to a third-party designated/approved by the awarding agency.

Each piece of equipment so listed will be marked with an inventory control number. This property log shall be verified at least every two years through a physical inventory taken by the Operations Directors.

3. COMPLIANCE BY CONTRACTORS AND SUPPLIERS

The Agency's Fiscal Director is responsible for assuring that contractors and suppliers comply with the terms, conditions, and specifications of the contract or order.

4. SAFEGUARDING OF PROPERTY

The receptionist or last staff person leaving the Centers and/or Office last each day will be responsible for assuring that all portable toys and equipment are stored inside a locked building or area and that Center/Office windows and doors are properly secured. Any fire hazards or insecure doors, locks, or windows shall be reported immediately to the Operations Directors.

5. INSURANCE

During each September, the Fiscal Director, Associate Director of Administrative Services, and the Executive Director shall review the insurance coverage on buildings, centers, equipment, and vehicles to determine if existing coverage is adequate and shall adjust insurance coverage as deemed necessary.

6. EMERGENCY NOTIFICATION

The Operations Directors shall provide to local police and sheriff annually in the month of September at least one staff name and telephone number to contact in case of an after-hours emergency.

IX. IN-KIND

1. DEFINITIONS

In-kind is divided into seven areas:

1. **Personnel** All in-kind dollars for volunteer services.
2. **Travel** Mileage for transporting children, parents, etc.
3. **Equipment** Any item donated which requires an inventory number (value of \$5,000.00 or more).
4. **Supplies** Donated items not requiring an inventory number (including all cash gifts).
5. **Food** Value of edible items
6. **Occupancy** Donated space as well as space used for home visits for center and home-based programs. Space donated to the agency is recorded at

fair market value to be determined by a certified appraiser. This should be updated every two years.

7. **Child care** Providing Child care for volunteer's siblings.

2. ALLOWABLE IN-KIND

1. Classroom/Office Volunteers
2. Policy Council/Committee Meetings
3. Court Assigned Community Service (Office, Kitchen, Yard).
4. Spring/Fall Clean-up of facilities (Boy and Girl Scouts, Parents etc.).
5. United Way Grants
6. Space donated by third party (Fair market value less rent paid equals donation).

3. ADMINISTRATIVE LIMITATIONS

1. Appraisal of Property by an independent property appraiser, if donated, will be verified every two years.
2. Reductions in normal legal costs.
3. Reductions in normal medical/dental costs.
4. Reduction in normal printing costs.
5. Donations by local merchants for Head Start activities.
6. Donations from senior service organizations.

4. UNALLOWABLE OR QUESTIONABLE IN-KIND

1. Donated hours from staff
2. Excessive used toy donations
3. Excessive clothing donations
4. Excessive book donations
5. Foods containing sugar
6. Valuing space donated by grantee at fair market value
7. Spot announcements on the radio

X. INSURANCE

The Administrative Department is also responsible for maintaining complete and accurate information concerning all agency insurance policies. The following types of insurance coverage shall be secured:

- A. Against Losses
 1. Theft
 2. Vandalism
- B. Student Accident
- C. General Liability
- D. Automobile
 1. Collision
 2. Liability
- E. Fidelity Bonding

F. Directors and Officers Liability

XI. PETTY CASH AND MEAL REIMBURSEMENT

1. PETTY CASH

- A. Each Center, WIC Office and Administrative Offices is allocated \$50 per month for petty cash. This will be issued in one check to the person designated as team leader in each center.
- B. At the end of each month, employees will submit, (with time sheet) the Petty Cash Reimbursement Report with receipts attached.
- C. Petty cash checks will be written at the end of the month at the same time as payroll.
- D. When purchasing always obtain receipts. Purchase agency items separate from personal purchases. Receipts with personal items included will not be honored.
- E. All unused money will be applied to the next month's petty cash.
- F. Attach all receipts to the petty cash reimbursement form.

2. MEAL REIMBURSEMENT

- A. Cooks will receive a check each month which will be as follows:
FORMULA: Number of children enrolled X number of days the school will be operating during the month X meal rate.
Example: 18 children x 12 days x .45 = \$108.00
- B. A shopping list must be completed. Complete the shopping list form prior to shopping. Fill out each column for each item purchased.
- C. Receipts for snack/breakfast/lunches can consist only of food items for the Agency, not personal items. The only exception for purchase of non-food items is for purchase of related food service items such as napkins, foil, etc.
- D. Receipts of all purchases must be kept.
- E. Attach receipts to appropriate shopping list. Then attach receipts and shopping lists to the Meal Reimbursement Report (copy attached) and submitted monthly to the Fiscal Department. You will retain any unused money, which will be applied to next month's meal monies.
- F. Purchases must be described and itemized individually on the shopping list. No shopping lists will be honored without a receipt and no receipts will be honored that include personal items.
- G. An audit of all cook's paperwork and cash-on-hand may be conducted by the Team Leader or Nutrition Director at least twice each year. Adequate notice will be given prior to the audit. The cook will be asked to present for inspection; a menu, menu planning sheets, shopping list, receipts, and cash-on-hand. An audit report will be signed by the cook and the Nutrition Director. A copy of the report will be kept in individual meal check request files in the Fiscal Department. Discrepancies will be referred to the Executive Director for appropriate action.
- H. Meal reimbursement reports are due in the fiscal office on the next to last day of

each month.

- I. An authorization form will be signed by each petty cash and meal reimbursement agent at the beginning of each school year. This form gives the Fiscal Director permission to withhold from the employee's payroll check any non-documented or unused portion of monies not reimbursed to the agency.

XII. Equipment

Definition: Equipment means an article of non-expendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of (a) the capitalization level established by the organization for the financial statement purposes, or (b) \$5,000. The \$5,000 threshold does not include shipping, shipping is an additional expense.

UNALLOWABLE COSTS

Provided below are *examples* of unallowable costs which might be incurred in connection with grant or subgrant supported activities. Federal funds generally may not be used for these purposes, nor may such costs be used to meet cost-sharing or matching requirements.

Advertising

Costs of direct mail, exhibits, newspaper, magazine and radio or television advertisements. Exceptions:(1) recruitment of staff, trainees under training programs, human subjects for research grants; (2) disposal of surplus materials, (3) procurement of goods or services; and (4) other purposes specifically permitted by the terms of the grant.

Bad Debts

Losses arising from uncollectible customers' accounts and other claims, legal costs, and other related costs.

Contingency Fund Reserves

Funds for possible future events or conditions arising from presently known or unknown causes, the outcome of which is indeterminable.

Contributions and Donations

Charitable contributions and donations are unallowable.

Entertainment

Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

Fines and Penalties

Fines and penalties resulting from violation or failure of the organization to comply with Federal, State, and local laws and regulations.

Fund Raising

Costs of organized fund raising including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions.

Honoraria

An honorarium is considered a payment or reward where the primary intent is to confer distinction on, or to symbolize respect, esteem, or admiration for the recipient.

Idle Facilities

The costs of idle facilities are unallowable: maintenance, repairs, housing, rent, insurance, property taxes, interest expense, and depreciation or use allowances.

Interest Expense

Interest expense is never allowable when it relates to fully depreciated assets.

Meetings and Conferences

Meetings and conferences expenses are only allowable if the primary purpose of which is the dissemination of technical information.

Inter-fund Borrowing

The use of Head Start funds to cover costs incurred by other contracts or grants is unallowable.

XIII. Use of Consultants

Consultants may be used to assist in self assessment process, provide training to staff and parents, provide mental health, nutrition, health, or social services expertise, or provide technical assistance in the area of management and organizational design. Consideration will be given to the expertise of current employees prior to the hiring of outside consultants.

Several sources will be considered prior to the hiring of consultants. I.e. T/TA provider, Regional Office recommendations, and/or recommendations from other Head Start programs or local businesses. Consultants will be contacted prior to hiring, interviewed, and rates reviewed for reasonableness and quality of services to be provided.

Consulting rates will be negotiated and outlined in signed consulting agreements. The agreements will outline services to be rendered, duration of services, reporting requirements, pay rates, per diem based on federal travel regulations, travel reimbursement, if any, based on agency travel rates, and negotiated costs such as supplies and resources.