FINANCIAL

POLICIES

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Financial Policies

FISCAL MANAGEMENT

Fiscal management will be conducted in a specific manner that will remain consistent with the purpose and vision of the organization. It will also demonstrate responsible practices, maintain legal requirements, and comply with generally accepted accounting principles. The Financial Plan for Crossroads Youth & Family Services, Inc. (Crossroads YFS) includes:

1. A budget that is appropriately authorized and periodically reviewed.
2. Assurance of reasonable and prudent management and accountability of the organization’s financial resources.
3. Provisions for generating the revenue deemed necessary to produce desired program outcomes.
4. Attention to long-term financial solvency and continuity of services.

(Refer to Financial Plan)

1. Action to be taken if a deficit or significant budget variance occurs.

(Refer to Financial Plan)

## PRIMARY RESPONSIBILITY

Crossroads YFS’ accounting policies and procedures shall be established to maximize assurance of proper segregation of incompatible duties, the safeguarding of assets, and the execution of transactions in accordance with the directives of the Board of Directors, Policy Council, management, contract provisions, and governing laws and regulations. Accounting duties shall be performed in an efficient and cost-effective manner by knowledgeable and competent personnel.

The Board of Directors has fiduciary responsibility for the organization and is responsible for the overall fiscal management of Crossroads Youth & Family Services, Inc. The Executive Director, with the advice of the Chief Financial Officer, shall be responsible for the interpretation, implementation and administration of these fiscal policies. The Executive Director shall issue any procedures or regulations necessary to carry out these policies and may delegate authority to implement these policies, procedures and regulations.

The Executive Director in conjunction with the Chief Financial Officer shall be responsible for: reviewing and monitoring current financial and business trends, identifying financial challenges and opportunities, identifying any areas needing improvement, implementing any actions to address the improvements needed, and reporting such to the Board of Directors and to the external auditor at least annually.

## BASIS OF ACCOUNTING

Crossroads Youth & Family Services, Inc. was incorporated in the state of Oklahoma as a non-profit organization in 1984. The mission of this organization is to support the healthy lifestyles and emotional well-being of children, youth and families through the provision of effective, community-based programs and services. The philosophy of this organization is that all children, youth and families should have the opportunities and support to develop basic life skills, strengthen family relationships and contribute positively to the community.

Crossroads YFS is tax exempt under regulation 501(c)(3) of the Internal Revenue Code. Consequently, there is no provision for income taxes. This does not preclude the fact that Form 990 and Form 5500 must be filed with the Internal Revenue Service on an annual basis.

## FISCAL YEAR

The fiscal year shall be a non-calendar year beginning July 1 and ending June 30. The fiscal year shall be the same time period upon which annual budgets shall be based with expenditures recorded against that budget for said time period.

## FINANCIAL REPORTING SYSTEM

The accounting records are kept on an accrual basis. For the purpose of financial statements, all assets and liabilities will be accrued to conform to generally accepted accounting principles.

The organization utilizes a uniform records system sufficient to document all financial transactions, safeguard the monetary and property assets of the organization and provide adequate internal control.

Monthly financial statements will be presented to the Board and Policy Council for approval. Any unusual departures from projected income and/or expenditures will be reported to the Board of Directors and Policy Council.

Organizational fiscal policies shall be reviewed and approved annually by the Board of Directors as well as any revision in policy as needed.

## CHART OF ACCOUNTS

The chart of accounts of the general ledger shall be sufficiently detailed to properly account for the assets, liabilities, net assets, revenues and expenses, in accordance with generally accepted accounting principles and to provide meaningful information to management. The chart of accounts shall be updated as necessary to meet the changing needs of the organization.

The chart of accounts is set up in such a way that each general ledger account number indicates the individual grant, contract or consumer served by the organization. The individual program and service is indicated by the general ledger account number. As each new cost center of service is established, it is evaluated to determine which program is applicable to the objectives of that cost center. Once the program is determined, a service number is assigned. Service numbers range from 00 to 99.

Control of Chart of Accounts. Crossroads Youth & Family Services, Inc.'s chart of accounts is monitored and controlled by the Chief Financial Officer. Any additions or deletions of accounts shall be approved by the Chief Financial Officer, who ensures that the chart of accounts is consistent with the organizational structure of Crossroads Youth & Family Services, Inc. and meets the needs of each division and department.

## GENERAL LEDGER

The general ledger shall encompass all the accounts of the chart of accounts. The general ledger shall be posted timely and reconciled monthly.

## INDEPENDENT FINANCIAL AUDIT

An independent financial audit shall be conducted annually by October 31st of the subsequent fiscal year. In the event an audit cannot be completed by October 31st, a written request for an extension, citing the reason for delay, will be submitted to all appropriate funding sources. The audit shall cover all operations and programs of Crossroads Youth & Family Services. All personnel, including non-accounting staff, will provide full and prompt cooperation as needed to facilitate timely completion of the audit.

The Board shall select an auditing firm upon the recommendation of the Audit Committee comprised of an appropriate number of Board members. The Board shall establish the criteria for selection of the auditing firm and evaluate that selection every three years. The audit shall be performed by a Certified Public Accountant who has a valid and current permit to practice public accounting in the State of Oklahoma and who is approved by the Oklahoma Accountancy Board to perform audits according to Government Auditing Standards. The financial audit shall be conducted according to generally accepted auditing principles for non-profit organizations and will encompass a financial and compliance examination, with such examination being performed within the Single Audit Act provisions and other State and Federal guidelines. Any audit findings or recommendations will be relayed to the Audit Committee at the exit conference.

The Audit Report including any findings or recommendations shall be presented to the Board of Directors by their regular October meetings or, in the case of an extension, the first meeting following the completion of the audit.

Upon receipt of the audit report, the Executive Director and the Chief Financial Officer will prepare a corrective plan of action, if needed, that addresses all recommendations identified and necessary revisions to be made.

Upon final acceptance and approval of the audited financial statements and any accompanying additional correspondence and/or reports by the Board of Directors and Policy Council, the auditor’s final report and the accompanying management letter, if any, will be submitted to the appropriate contract agencies. Every effort shall be made to ensure that the final report is submitted to the funding agencies no later than the deadline specified in existing contracts.

Audit Committee Responsibilities. The Audit Committee is responsible for recommending the hiring of an independent CPA firm and for directly communicating with the CPA firm to fulfill the requirement for an annual audit, as described in the organization’s by-laws. The Audit Committee shall also review and approve the final audited financial statements, as well as any communications received from the auditor regarding internal controls, illegal acts, or fraud.

The Audit Committee also serves 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.

# Internal Audit

The Director of Administrative Services will oversee an internal review of a sampling of accounting records at least quarterly. The sampling shall be representative of all fiscal transactions. The review will include comparing billing records to dates of services, determining that bills accurately reflect services provided, reviewing coding classifications and checking for noncompliance with accounting policies and procedures. Any findings will be documented and presented to the Board of Directors and the Executive Director at the monthly Board meeting with a recommendation for corrective action.

## FINANCIAL STATEMENTS/REPORTS

1. Financial Statements

The Statement of Financial Position and Consolidated Statement of Operations shall be prepared from the general ledger on a monthly basis. Departmental (cost center) operating statements shall be prepared on a monthly basis for use in the budget review process. A Statement of Cash Flows will be prepared once a year during the annual audit by the accounting firm conducting the audit. Cash flow will be monitored on a monthly basis by a review of the Statement of Financial Position.

1. Distribution of Financial Statements

Monthly financial statements shall be distributed to the Executive Director for review and approval at the Finance Committee and subsequent Board meeting of the following month, and to other outside parties as directed by the Executive Director.

1. Audited Financial Statements

On an annual basis, audited financial statements including a statement of financial position, statement of activities, statement of functional expenses and statement of cash flows shall be prepared from the general ledger. The audited financial statement shall be presented to the Board for their acceptance and approval.

## ANNUAL BUDGET

The annual budget is defined as an operational plan for the organization that contains projection by source of revenues to be collected and with amounts established by program categories to be expended for general purposes.

Each year the budgeting cycle begins in April. A proposed budget for the new fiscal year, taking into account all known and somewhat predictable funding sources (Office of Juvenile Affairs, Department of Human Services, Oklahoma Health Care Authority, Oklahoma State Department of Health, and various local municipalities), is prepared by the Senior Staff Accountant, the Finance Committee and all appropriate management staff and submitted to the Board of Directors for their review and approval in May. The budgeting cycle is an ongoing process through the end of the fiscal year. State and local municipality contracts are finalized in June and July. Often, a revised budget is submitted to the Board of Directors at each of the regularly scheduled Board meetings from May through October. After the Board of Directors has given their approval to the October revised budget, the budget process is considered final unless circumstances arise requiring budget revisions.

The budget will be reviewed monthly by administration, the Policy Council and the Board of Directors in conjunction with the review of the monthly financial statements, which will compare actual versus approved budget and show the variances. At this time the need for any budget modification will be considered by the Board. Any desired action will be presented and approved/disapproved by the Board of Directors.

Refer to the “Financial Plan” in the *Strategic Organizational Plan for Performance Improvement* for a more detailed explanation of the process.

## CASH FLOW ANALYSIS

The organization receives funds from a variety of agencies to support the various programs and services. The majority of the contracts and grants are “cash reimbursement” funds; i.e., the organization is required to operate and expend funds for services first, and then submit a claim for reimbursement of expended funds according to the policies governing the specific contract and/or grant. Accordingly, the organization must have sufficient cash reserves on hand to continue operations in the interim. The Chief Financial Officer and the Executive Director monitor the balance of cash reserves to ensure that there are adequate funds on hand to cover all checks issued. The Board of Directors and Policy Council receive a monthly Balance Sheet and Income Statements, which allows the Board and Policy Council to monitor the cash reserves of the organization.

## CASH MANAGEMENT

In order to guarantee sufficient operating reserves for the organization to maintain financial stability and viability, protect the quality of basic services, assure compliance with major contract and/or grant requirements, and to insure controlled growth and management of additional and/or expanded services, the organization strives to maintain financial reserves to allow for a minimum of two months operations.

Depositories shall be authorized by the Board of Directors and limited to federally insured institutions. Efforts shall be made to limit the exposure of the organization.

The Board may annually review the financial statements of local financial institutions, to determine which banks are considered safe and sound and would be appropriate for depositing organization funds .

All organization monies shall be invested in federally insured banking and/or investment institutions in interest-bearing accounts. Investment of surplus monies into anything other than savings accounts will be at the discretion of the Board of Directors.

The Board of Directors approves all check signers. The organization will maintain a minimum of two and not more than six signers per account at any one time.

All checks on the organization’s operating and payroll accounts require two signatures for validation.

No check may be issued for any purpose other than as provided in the annual budget approved by the Board, or as amended.

All checks must be cashed within 180 days of receipt or the check is considered invalid and will be voided.

Only the Senior Staff Accountant may transfer funds between organization bank accounts.

# Voided Checks and Stop Payments. Checks may be voided due to processing errors by making proper notations in the check register and defacing the check by clearly marking it as “VOID”. All voided checks shall be reconciled back to the monthly bank reconciliation.

# Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed by telephone instruction and written authorization to the bank by accounting personnel with this authority. A journal entry is made to record the stop payment and any related bank fees.

# MANAGEMENT OF FUNDS OF CLIENTS SERVED

Crossroads Youth & Family Services does not manage or invest any of the personal assets or money of the clients served. When temporarily holding money or personal property of an Emergency Youth Shelter resident, the policies and procedures of those programs will apply.

## PETTY CASH FUND

A petty cash fund for a reasonable amount determined by the Board of Directors may be maintained for incidental and/or emergency expenses. The Executive Director shall designate a Fund Custodian of the petty cash fund. Receipts for all expenses from such petty cash fund must be submitted to the Fund Custodian within two business days of expenditure of the funds. The Senior Staff Accountant will co-audit all petty cash funds at the time of reimbursement of funds.

Petty cash funds will not be used for any of the following:

1. The purchase of any item reasonably available through use of the organizational purchasing procedure.
2. To reimburse an employee for personal funds expended for business purposes. (See policy on travel reimbursement and expense reports)
3. To make loans or advances to any individual.

Petty cash funds are the property of Crossroads Youth & Family Services, Inc. and must remain secured at all times under lock and key. The petty cash box should not be left or maintained in automobiles, locked or otherwise.

The organization will not automatically replace petty cash funds if lost or stolen. Monies lost through negligence are the personal responsibility of, and are to be replaced by, the party who lost the funds, whether the funds are lost by the Fund Custodian or an individual staff member who has signed for the monies. Should monies be lost, the Director of Administrative Services and Executive Director will review the events surrounding the loss to determine if the employee exercised due care in protecting and safeguarding the funds. The basis for determining whether the organization or the employee will replace the monies in question will include but not be limited to a review of whether the funds were adequately secured while in the employee’s custody prior to the loss.

The petty cash fund must be kept in the custody of an organization employee designated as Fund Custodian who is responsible to maintain and protect the actual cash in the fund; disperse monies to appropriate parties per the fund’s assigned purpose(s); and to collect/secure all relevant documentation/receipts to enable reconciliation of the fund on a scheduled periodic basis. Once assigned, the Fund Custodian may not transfer physical or procedural responsibility for the fund to any other person except through coordinating the transfer of responsibility with the Executive Director.

Petty cash requests must be logged upon disbursement of monies from the fund. The disbursement voucher must include date dispersed, employee dispersed to and amount dispersed. All amounts, including “cash out”, “cash in” and “amount spent” must be recorded on the voucher. At the point of disbursement, the employee must sign the voucher acknowledging receipt of funds and the reason for obtaining the funds.

The employee must obtain a valid store/vendor/contractor receipt for purchases using petty cash monies. In the event that a vendor/contractor receipt is unavailable, the employee making the purchase must document in writing, to include the signature of the sales person, date of purchase, place of business, amount spent and reason for expenditure. If there is no receipt or documentation, the employee will replenish petty cash monies him/herself.

The sales receipt must be signed by the employee expending the funds.

Money and/or receipt must be returned to the petty cash fund within two business days of being removed from the fund. The petty cash disbursement voucher will be completed with an indication of funds returned, the actual dollar amount of the purchase and a signed receipt stapled to the back of the voucher.

At all times, the total of cash on hand plus receipts and open vouchers should equal the authorized fund balance. Funds will be run on an imprest basis. All petty cash funds will be reconciled at the time of reimbursement and the Reconciliation Form submitted to the fiscal department. Checks written to replenish the fund shall be written only to the Fund Custodian.

When completing the petty cash fund Reconciliation Form, the Fund Custodian should sign the form. Periodically, another employee should independently verify the cash on hand count, preferably from the Support Staff.

## CREDIT CARD UTILIZATION

Crossroads will utilize Purchasing Cards through Arvest Bank for purchases that require the use of a credit card. Purchase card use will follow the same guidelines and requirements as all purchasing policies and requires pre-approval with the usage of Purchase Orders. Cards can only be used for official Crossroads business.

Cardholders must be permanent Agency employees whose jobs require the use of a credit card. All cardholders must sign a Purchase Card Usage Contract that outlines cardholder responsibilities before being issued a card. Only the employee whose name is shown on the face of the card is authorized to make purchases with the card. Cardholders are prohibited from using the card for the purchase of any goods or services not directly related to job responsibilities. Personal charges are absolutely prohibited and could lead to immediate termination. Cards must be surrendered and accounts closed upon termination of employment or upon demand.

Upon the determination of the business need of a Purchase Card by the Executive Director and the Director of Administrative Services, a card will be established with an initial credit limit of $1,000 per month. Program staff who are responsible for larger purchases and for making travel arrangements will maintain a credit limit of $2,500 per month. If current purchase needs exceed the credit limit, the cardholder must request a temporary credit increase from the Purchase Card Administrator. In the case of a lost or stolen card the Purchase Card Administrator must be notified immediately so that the account can be immediately closed and a new card reissued.

The cardholder is responsible for acquiring a receipt for all purchases and submitting it with a completed and signed purchase order to the fiscal department as soon as possible. If receipts are lost, the purchase becomes the responsibility of the cardholder and may be deducted payroll, mileage and/or expense checks.

Purchase card statements shall be reconciled monthly by the Accounts Payable Clerk and paid in full each month as to not incur finance charges. A copy the monthly statement shall be included with the Financial Statements and submitted to the Board of Directors and Policy Council for review.

## CASH RECEIPTS

The Executive Director, in consultation with the Chief Financial Officer, will be responsible for the development and implementation of procedures designed to provide maximum internal control.

Receipts will be prepared for all cash and/or checks received or for all contributions received. The front office Support Staff will be responsible for receiving and receipting funds. The client’s copy of the receipt will be given to the payor (client) when direct payments for services are made. In the case of mailed-in payments, the client’s copy will be placed on file and given to the client on the next visit. In case of mailed-in donations/contributions, the original receipt will be included with the letter sent acknowledging the donation. Any monies received for a restricted purpose are governed by the currently approved budget of the organization.

All checks received are to be immediately stamped with the appropriate bank account number and the “For Deposit Only” endorsement. Client fee checks will be held for deposit in a locked bank deposit bag in a locked filing cabinet in the front office.

The checks received will be reconciled with the receipt book by the support staff. Copies of all checks in excess of $100 will be made. The Executive Assistant will then prepare a deposit to the appropriate bank account by completing a bank deposit slip in duplicate. Checks will be identified on the deposit slip, or an attached computer spreadsheet, along with the total amount of currency and coin. The deposit will be double checked to insure that the deposit total balances with the actual receipts.

At a minimum, deposits will be made bi-weekly and on the last working day of the month, without exception.

The deposit and two deposit slips (original and carbon) will be taken to the bank and the bank will stamp the deposit book copy. Only bonded staff can physically make daily deposits. A designated agent of the Executive Director will deliver funds for deposit personally.

A copy of the deposit slip and check copies will be filed in the appropriate monthly deposit journal binder.

## ACH DEPOSITS

Periodically throughout the month, the Billing Coordinator will compile a report to determine the amounts of Medicaid funding due from the Oklahoma Health Care Authority. These amounts will be reported to the Senior Staff Accountant, entered into the general ledger and verified by the Staff Accountant with the month end bank statement.

## CLIENT FEE CHARGES AND COLLECTIONS

All clients will be afforded equal access to services, regardless of ability to pay.

Clients will be provided with sliding scale information during the intake process. This fee scale will be posted in an area of the facility accessible to clients and the public. Interested persons may obtain a copy of the sliding scale fee schedule from the Youth Services Receptionist.

Collection of client fees shall be handled in a confidential manner by employees of Crossroads Youth & Family. Independent collection agencies shall not be used. All non-zero balance accounts shall be sent a statement on a monthly basis. Clients whose accounts have a balance over 90 days past due will be contacted by telephone by the Support Staff. All accounts past due will reflect telephone conversations on supporting documentation.

Payment arrangements for services provided by outside agencies (such as medication management, psychiatric evaluations, physical examination, etc.) are not covered in this fee schedule. Payment arrangements must be made between the client and the outside organization providing the service at the time services are contracted or rendered.

A complete client Fee Schedule and Policy can be found in Section 2, General Program Policies.

An independent accounts receivable subsidiary ledger shall be maintained. This ledger shall reflect all charges, payments and adjustments to the client’s account receivable and the account balance.

Write-offs of non-Medicaid accounts receivable shall be initiated by the Chief Financial Officer and approved by the appropriate Program Directors.

Write-offs of uncollectible Medicaid accounts receivable shall be initiated by the Director of Programs and Services. Oklahoma Health Care Authority denial of certification will serve as documentation.

The Chief Financial Officer shall review the accounts receivable for uncollectible accounts no less frequently than twice annually.

## CASH DISBURSEMENTS

To the extent possible based upon staffing size, the authorization, processing, check signing, recording, distribution and bank reconciliation shall be performed by different individuals when possible.

All claims for reimbursements, invoices and other requests for payment shall be routed through supervisory channels for approval before submission to the fiscal department.

The Senior Staff Accountant will review the request for completeness and proper authorization.

The fiscal staff will code all payable transactions and key in all documented and approved disbursement requests into the computerized accounts payable tracking system. A listing of all transactions entered will be printed and posted. The computer system will be preset not to allow duplicate invoice numbers to assist in preventing duplicate payments.

The Senior Staff Accountant will oversee the payment of invoices based on due date and Organization cash flow. Priority will be given to invoices that offer discounts or based upon program needs. Both computer generated and manual checks will be processed through the accounts payable system.

Printed checks will be matched to the originating invoices, reviewed by the Senior Staff Accountant and forwarded to the Executive Director for signature. Another signature will be obtained based on the policy discussed under Cash Management.

Signed checks will be delivered to support staff for mailing and/or distribution.

Any invoices received directly through the mail shall be matched to the relating purchase order and shipping documents and reviewed by the Senior Staff Accountant for authorization and correct cost center coding.

“Cash” will not be used as a payee for any check under any circumstance. Checks shall never be signed prior to being prepared.

It is the policy of Crossroads Youth & Family Services, Inc. that only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the vendor/contractor records. No vendor/contractor statements shall be processed for payment.

## PURCHASING

Overview

The policies described in this section apply to all purchases made by Crossroads Youth & Family Services, Inc. Additional policies applicable only to those purchases made under federal awards are described in the section “Procurement Under Federal Awards.”

It is the policy of Crossroads Youth & Family Services, Inc. to follow a 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 staff shall adhere to in the completion of their designated responsibilities.

The Executive Assistant and Support Staff may receive supplies and/or equipment deliveries. Shelter staff are designated to receive supplies and/or equipment deliveries after normal business hours or on weekends, or on items pertaining to Shelter operations. Norman Counseling Office may receive supplies and/or equipment deliveries pertaining to their operations.

Staff will be responsible to sign and date the appropriate receiving documents from the vendor/contractor or shipper, and will keep at least one copy of the receiving document. All signed receiving documents will be submitted to the fiscal staff for processing within two business days of delivery.

# Receipt and Acceptance of Goods

Any employee receiving or accepting goods shall inspect all goods received. Upon receipt of any item from a vendor/contractor, the following actions shall immediately be taken:

1. Review bill of lading for correct delivery point

2. Verify the quantity of boxes/containers with the bill of lading

3. Examine boxes/containers for exterior damage

4. Note on the bill of lading any discrepancies (missing or damaged boxes/ containers, etc.)

5. Sign and date the bill of lading

6. Retain a copy of the bill of lading

When goods are moved to another area for thorough inspection, the following inspection procedures shall be performed:

1. Remove the packing slip from each box/container

2. Compare the description and quantity of goods per the purchase order to the packing slip

3. Examine goods for physical damage

4. Count or weigh items, if appropriate

5. Record an indication of counts on the purchase order

It is the policy of Crossroads Youth & Family Services, Inc. to perform the preceding inspection procedures in a timely manner in order to facilitate prompt return of goods and/or communication with vendor/contractors.

## Responsibility for Purchasing

All department heads shall have the authority to initiate purchases on behalf of their department, within the guidelines described in this policies manual. In addition, Program Directors may delegate purchasing authority to responsible individuals within their department. Department directors shall inform and consult with the Director of Facilities and Procurement on establishing which individuals may initiate purchases or prepare purchase orders. The Director of Facilities and Procurement shall maintain a current list of all authorized purchasers of Crossroads Youth & Family Services, Inc.

The accounting department shall be responsible for processing purchase orders. The Executive Director shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial.

# Non-Discrimination Policy

All vendor/contractors who are the recipients of Organization funds, or who propose to perform any work or furnish any goods under agreements with Crossroads Youth & Family Services, Inc. shall agree to these important principles:

1. Vendors/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/contractors.
2. Vendors/contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause. Notices, advertisement and solicitations placed in accordance with Federal law, rule or regulation shall be deemed sufficient for meeting the intent of this section.

# Use of Purchase Orders

It is the policy of Crossroads Youth & Family Services, Inc. to utilize a purchase order system. A properly completed purchase order shall be required for each purchase decision, with the exception of travel advances and expense reimbursements, which require the preparation of a separate form described elsewhere in this manual. A properly completed Purchase Order shall contain the following information, at a minimum:

1. Specifications or Statement of Services required

2. Vendor/contractor name, address, point of contact and phone number

3. Source of funding

4. Delivery or performance schedules (if applicable)

5. Delivery, packing and transportation requirements (if applicable)

6. Special conditions (if applicable)

7. Catalog number, page number, etc. (if applicable)

8. Net price per unit, less discount, if any

9. Total amount of order

10. Authorized signature

11. Date purchase order prepared

Purchase orders shall be pre-numbered and issued upon request from the Director of Facilities and Procurement. A copy of all completed purchase orders shall be maintained in a purchase order file.

# Authorizations and Purchasing Limits

All completed purchase orders must be signed by the preparer and approved by the Program Director.

No purchase may be made without prior authorization. A Purchase Order form, vendor/contractor order form or vendor/contractor quote for any capital expense, non-routine expense or purchase over $5000 must be approved and signed in advance of purchase by the Executive Director. The Senior Staff Accountant must be notified in advance of any purchase over $1,000. The appropriate Program Director, supervisor and/or the Executive Director must authorize all purchases.

Equipment purchases in excess of $5,000 for federal grants must have prior approval from the funding source. Competitive bids will be obtained for the purchase of equipment estimated to cost in excess of $5,000 unless access to the state bid list is available and a vendor/contractor from that list is selected. Capital expenditures for items exceeding $5,000 require Board approval. No purchases of equipment, leasehold improvement, major facility repairs or technology shall be made without prior consultation with the Executive Director.

All contracts in excess of $5,000 between Crossroads Youth & Family Services, Inc. and outside parties must be reviewed and approved by the Program Director as well as the Executive Director. The ED is authorized to enter into any contract on behalf of Crossroads Youth & Family Services, Inc. These policies shall also apply to renewals of existing contracts.

# Required Solicitation of Quotations from Vendors/Contractors

All purchasing decisions shall be made by using comparative pricing procedures in order to ensure maximum efficiencies. Purchase decisions in excess of $500 for labor, equipment, supplies or services purchased, leased or contracted for shall be made only after receiving, whenever possible, oral quotations from at least three (3) vendors.

Purchase decisions exceeding $5,000 for labor, equipment, supplies or services purchased, leased or contracted for shall be made only after receiving whenever possible, written quotations from at least three (3) vendors. Specific selections shall be recommended, via the Program Directors, to the Director of Facilities and Procurement for approval with written quotations attached for review. Recommendations shall be based on consideration of all applicable criteria as described under “Evaluation of Alternative Vendors/Contractors” below.

All Purchase decisions of $100,000 or more shall be made by obtaining competitive proposals from at least three (3) responsible vendors/contractors. Sealed bids shall be utilized when required by a Federal awarding agency.

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

1. A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features, which unduly restrict competition.
2. Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals (see the next section entitled “Evaluation of Alternative Vendors/contractors” for required criteria)
3. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
4. The specific features of “brand name or equal” descriptions that bidders are required to meet when such items are included in the solicitations.
5. The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.
6. Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.
7. A description of the proper format, if any, in which proposals must be submitted, including the name of the Crossroads Youth & Family Services person to whom proposals should be sent.
8. The date by which proposals are due.
9. Required delivery or performance dates/schedules.

10. Clear indications of the quantity(ies) requested and unit(s) of measure.

# Extensions of Due Dates and Receipt of Late Proposals

Solicitations should provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, in the event that a prospective offeror requests an extension to a due date specified in a solicitation, and such an extension is both justified and compatible with the requirements of Crossroads Youth & Family Services, Inc., an extension may be granted by the purchasing representative.

Vendor proposals are considered late if received after the due date and time specified in the solicitation. All such late proposals shall be marked “Late Proposal” on the outside of the envelope and retained, unopened, in the procurement folder. Vendors/contractors that submit late proposals shall be sent a letter notifying them that their proposal was late and could not be considered for award.

# Evaluation of Alternative Vendors/Contractors

Alternative vendors/contractors shall be evaluated on a weighted scale that considers the following criteria:

1. Adequacy of the proposed methodology of the vendor

2. Skill and experience of key personnel

3. Demonstrated company experience

4. Other technical specifications (designated by department requesting proposals)

5. Compliance with administrative requirements of the request for proposal (format, due date, etc.)

6. Vendor’s financial stability

7. Vendor’s demonstrated commitment to the non-profit sector

8. Results of communications with references supplied by vendor

9. Ability/commitment to meeting time deadlines

10. Cost

11. Minority- or women-owned business status of vendor

12. Other criteria (to be specified by department requesting proposal)

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

After a vendor/contractor has been selected and approved by the Director of Facilities and Procurement, the final selection shall be approved by the Executive Director prior to entering into a contract.

Affirmative Consideration of Minority, Small Business, Women-Owned Businesses, and Labor Surplus Area Firms

Positive efforts shall be made by Crossroads Youth & Family Services, Inc. to utilize small businesses, minority-owned firms, women’s business enterprises, and labor surplus area firms whenever possible. The following steps shall be taken in furtherance of this goal:

1. Ensure that small business, minority-owned firms, women’s business enterprises, and labor surplus area firms are used to the fullest extent practicable.
2. 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, women’s business enterprises, , and labor surplus area firms.
3. Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms, women’s business enterprises, and labor surplus area firms.
4. Encourage contracting with consortiums of small businesses, minority owned firms, women’s business enterprises, and labor surplus area firms when a contract is too large for one of these firms to handle individually.
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce’s Minority Business Development Agency in the minority-owned firms, women’s business enterprises, and labor surplus area firms.

# 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.

***Sole Source:***

Where there is only one (1) distributor for merchandise needed and no other product meets the stated needs or specifications, quotations will not be necessary.

***Federally-Funded Programs:***

Purchases that will be charged to programs funded with federal awards will be subject to additional policies. These policies are described in a separate section, “Procurement Under Federal Awards.”

***Oklahoma Department of Human Services School Nutrition Program:***

Purchases for the Shelter School Nutrition Program will be subject to additional policies. These policies are described in a separate section, “Procurement for OKDHS School Nutrition Program.”

# Vendor/Contractor Files and Required Documentation

Accounting staff shall create a vendor/contractor folder for each new vendor/contractor from whom Crossroads YFS purchases goods or services.

Upon securing services from any independent contractor (regardless of whether a contract is involved), the accounting staff shall mail a blank Form W-9 to that vendor/contractor, along with a request for the vendor/contractor to complete and sign the W-9 or provide equivalent, substitute information and return it in the postage-paid envelope provided. Completed, signed Forms W-9 or substitute documentation shall be filed in each vendor’s/contractor’s folder. No payment will be made to the vendor/contractor until securing the signed W-9.

# Ethical Conduct in Purchasing

Ethical conduct in managing the Organization’s purchasing activities is an absolute essential. Staff must always be mindful that they represent the Board of Directors and share a professional trust with other staff and the general membership.

Staff, officers, board members and policy council members 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.

# Conflicts of Interest Prohibited

No officer, board member, employee, or agent of Crossroads YFS shall participate in the selection or administration of a vendor/contractor if a real or apparent conflict of interest would be involved and has a duty to disclose any actual or possible conflict of interest. Such a conflict would arise if an officer, board member, employee or agent, or any member of his/her immediate family, his/her spouse/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 vendor/contractor selected. It may also include gifts, gratuities, favors, nepotism, political participation, and/or bribery.

Business transactions between the organization and members of the Board of Directors, Policy Council members, or employees are restricted and can include disciplinary actions for violations.

# PROCUREMENT UNDER FEDERAL AWARDS

Procurement of goods and services whose costs are charged to federal awards received by Crossroads Youth & Family Services, Inc. are subject to all of the specific Crossroads Youth & Family Services, Inc. purchasing policies described earlier, under “Purchasing Policies and Procedures.” In addition, procurements associated with Federal awards are subject to the following supplemental policies:

1. Crossroads Youth & Family Services, Inc. shall avoid purchasing items that are not necessary for the performance of the activities required by a Federal award.
2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal government.
3. Documentation of the cost and price analysis associated with each procurement decision shall be retained in the procurement files pertaining to each Federal award.
4. Procurement agreements with state and local intergovernmental or inter-entity agreements, use of Federal excess and surplus property, and the use of value engineering in construction projects is encouraged
5. Time and materials contracts can be used when no other type of contract is suitable and there is an expense cap on the contract
6. “Micro-purchases” with an aggregate of less than $3,000 per purchase may be used without competitive quotes when distributed equitably among qualified suppliers
7. For all procurements in excess of the small purchase acquisition threshold (currently $150,000), procurement records and files shall be maintained that include all of the following:
   1. The basis for contractor selection.
   2. Justification for lack of competition when competitive bids or offers are not obtained.
   3. The basis for award cost or price.
   4. A contract which include provisions in compliance with Title 45 CFR 74.48 that allow for the following: legal remedies in instances of contract violations; contractor termination conditions and settlement; and performance bonds for 100% of the contract price in compliance with Title 45 CFR 74.48.
8. Crossroads Youth & Family Services, Inc. shall make all procurement files available for inspection upon request by a Federal Awarding Agency.
9. All contracts with vendors/contractors shall require the vendor/contractor to certify in writing that it has not been suspended or disbarred from doing business with any federal agency.

# Solicitations of Bids from Vendors/Contractors

Crossroads Youth & Family Services, Inc. shall not utilize the “cost-plus-a-percentage-of-cost” method of contracting with vendors/contractors.

All other policies and procedures associated with procurement under Federal awards shall be governed by the policies applicable to all purchases of Crossroads Youth & Family Services, Inc., described in the section of this manual on “Policies Associated with Expenditures and Disbursements.”

# Provisions Included in all Contracts

It is the policy of Crossroads Youth & Family Services, Inc. to include all of the following provisions, as applicable, in all contracts (including small purchases) with vendors/contractors and sub-grants to grantees:

1. **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.”

2. **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 Crossroads Youth & Family Services, Inc. and its subrecipients 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 subrecipient 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. It is the policy of Crossroads Youth & Family Services, Inc. to report all suspected or reported violations to the Federal awarding agency.

3. **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 Crossroads Youth & Family Services, Inc. and its subrecipients 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. It is the policy of Crossroads Youth & Family Services, Inc. to 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. Crossroads Youth & Family Services, Inc. shall also obtain reports from contractors on a weekly basis in order to monitor compliance with the Davis-Bacon Act. Crossroads Youth & Family Services, Inc. shall report all suspected or reported violations to the Federal awarding agency.

4. **Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333)**: All contracts awarded by Crossroads Youth & Family Services, 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 work week of 40 hours. Work in excess of the standard work week 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 work week. 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.

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

6. **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).

7. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** For all contracts or sub-grants of $100,000 or more, Crossroads Youth & Family Services, 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, Crossroads Youth & Family Services, 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.

8. **Debarment and Suspension (E.O.s 12549 and 12689):** For all contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) (currently $100,000), Crossroads Youth & Family Services, Inc. shall either obtain from the contractor a certification that neither the contractor nor any of its principal employees are listed on the General Services Administration’s List of Parties Excluded from Federal Procurement or Non-procurement Programs or can document search results obtained from the System for Award Management at www.sam.gov.

9. **Remedies:** All contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) (currently $100,000) 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.

10. **Termination:** All contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) (currently $100,000) shall contain suitable provisions for termination by Crossroads Youth & Family Services, 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.

# Equipment and Furniture Purchased with Federal Funds

Crossroads Youth & Family Services, 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 will 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 $5,000 or the capitalization threshold utilized by Crossroads Youth & Family Services, Inc., described under Asset Management.

All purchases of “equipment” of $5,000 or more with federal funds shall be approved in advance in writing by the federal awarding agency. In addition, the following policies shall apply regarding equipment purchased and charged to federal awards:

1. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to Federal awards.
2. 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, Crossroads Youth & Family Services, 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, Crossroads Youth & Family Services, 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.
3. Crossroads Youth & Family Services, Inc. shall determine whether a specific award with a Federal agency includes additional equipment requirements or thresholds and requirements that differ from those described above.
4. A physical inventory of all equipment purchased with federal funds shall be performed at least once every two years. The results of the physical inventory shall be reconciled to the accounting records of and federal reports filed by Crossroads Youth & Family Services, Inc.
5. A physical inventory of all classroom supplies purchased with federal funds shall be performed at least once every two years at the end of the school year. The results of the physical inventory shall be filed with the fiscal department.

# PROCUREMENT FOR OKDHS SCHOOL NUTRITION PROGRAM

The Emergency Youth Shelter utilizes Small Purchase Procedures to purchase goods, equipment, and services where the aggregate cost is less than $100,000 and fresh produce regardless of aggregate amount. When small purchase procedures are used, the following conditions, stipulations, and terms must be met:

* 1. The goods, equipment or services to be purchased should be adequately and consistently described through written specifications for each prospective supplier so that each one can provide price quotes on the same merchandise or services.
  2. Written or verbal request for quotations for the goods, equipment, or services to be purchased may be made.
  3. An adequate number of qualified sources must be contacted to provide such quotes. NOTE: The term adequate number is determined by local market conditions.
  4. Responses to request for quotations can be in either written form or verbal form. Documentation for verbal quotes must be available.
  5. Cost-plus-a-percentage-of-cost method of purchasing is prohibited.

Price quotation responses must be retained by the organization with other program documentation and records for a period of three years after the end of the fiscal year to which they pertain.

# Standards for Financial Management Systems

In accordance with 2 CFR Part 215, it is the policy of Crossroads Youth & Family Services, Inc. to maintain a financial management system that provides for the following:

1. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements of 2 CFR Part 215 and/or the award.
2. Records that identify adequately the source and application of funds for federally-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.
3. Effective control over and accountability for all funds, property and other assets. Crossroads Youth & Family Services, Inc. shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
4. Comparison of outlays with budget amounts for each award. Whenever possible, financial information shall be related to performance and unit cost data.
5. Written procedures to minimize the time elapsing between the transfer of funds to Crossroads Youth & Family Services, Inc. from the U.S. Treasury and the issuance or redemption of checks, warrants or payments by other means for program purposes by the recipient.
6. Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.
7. Accounting records including cost accounting records that are supported by source documentation.

# Budget and Program Revisions

It is the policy of Crossroads Youth & Family Services, Inc. to request prior approval from Federal awarding agencies for any of the following program or budget revisions:

1. Change in the scope or objective of the project or program, even if there is no associated budget revision requiring prior written approval.
2. Change in a key person (project director, etc.) specified in the application or award document.
3. The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.
4. The need for additional Federal funding.
5. The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa, if approval is required by the Federal awarding agency.
6. The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with OMB Circular A-122.
7. The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense.
8. 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).

# Close Out of Federal Awards

Crossroads Youth & Family Services, Inc. shall follow the close out procedures described in 2 CFR Part 215 and in the grant agreements as specified by the granting agency.

Crossroads Youth & Family Services, Inc. and all subrecipients shall liquidate all obligations incurred under the grant or contract within 90 days of the end of the grant or contract agreement.

# Making of Subawards

From time to time, Crossroads Youth & Family Services, Inc. may find it practical to make subawards of federal funds to other organizations. All sub-awards in excess of $5,000 shall be subject to the same procurement policies described in the preceding section. In addition, all sub-recipients must be approved in writing by the federal awarding agency and agree to the subrecipient monitoring provisions described in the next section.

With respect to subrecipients with whom Crossroads Youth & Family Services, Inc. has not recently had a subaward relationship, the SA shall determine an appropriate level of pre-award inquiry that shall be performed. The purpose of such inquiry, which may involve a site visit to a potential subrecipient, is to gain assurance that a potential subrecipient has adequate policies and procedures in place to provide reasonable assurance that it is capable complying with all applicable laws, regulations and award provisions. In addition, Crossroads Youth & Family Services, Inc. shall obtain the following documents from all new subrecipients:

1. Articles of Incorporation

2. By-laws or other governing documents

3. Determination letter from the IRS (recognizing the subrecipient as exempt from income taxes under IRC section 501(c)(3)

4. Last three (3) years of Forms 990 or 990-EZ, including all supporting schedules and attachments (also Form 990-T, if applicable)

5. Copies of the last three (3) years of audit reports and management letters received from subrecipient’s independent auditor (including all reports associated with audits performed in accordance with 2 CFR Part 200 Subpart F, if applicable)

6. Copy of the most recent internally-prepared financial statement and current budget

7. Copies of reports of government agencies (Inspector General, state or local government auditors, etc.) resulting from audits, examinations or monitoring procedures performed in the last three years

# Monitoring of Subrecipients

When Crossroads Youth & Family Services, Inc. utilizes Federal funds to make sub-awards to subrecipients, Crossroads Youth & Family Services, Inc. is subject to a requirement to monitor each subrecipient in order to provide reasonable assurance that subrecipients are complying, in all material respects, with laws, regulations, and award provisions applicable to the program.

In fulfillment of its obligation to monitor subrecipients, the following policies apply to all sub-awards of federal funds made by Crossroads Youth & Family Services, Inc. to subrecipients:

1. Subaward agreements shall include all information necessary to identify the funds as federal funding. This information shall include:

a. The applicable Catalog of Federal Domestic Assistance (CFDA) title and number

b. Award name

c. Name of Federal agency

d. Amount of award

2. Subaward agreements shall identify all applicable audit requirements, including the requirement to obtain an audit in accordance with 2 CFR Part 200 Subpart F , if the subrecipient meets the criteria for having to undergo such an audit.

3. Subawards shall include a listing of all applicable Federal requirements that each subrecipient must follow.

4. Subawards shall require that subrecipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.

5. Subawards shall require that subrecipients submit financial and program reports to Crossroads Youth & Family Services, Inc. on a basis no less frequently than monthly.

6. Crossroads Youth & Family Services, Inc. will follow up with all subrecipients to determine whether all required audits have been completed. Crossroads Youth & Family Services, Inc. will cease all funding of subrecipients failing to meet the requirement to undergo an audit in accordance with 2 CFR Part 200 Subpart F. For subrecipients that properly obtain an audit in accordance with 2 CFR Part 200 Subpart F, Crossroads Youth & Family Services, Inc. shall obtain and review the resulting audit reports for possible effects on Crossroads Youth & Family Services, Inc.'s accounting records or audit.

7. Crossroads Youth & Family Services, Inc. shall assign one of its employees the responsibility of monitoring of each subrecipient on an ongoing basis, during the period of performance by the subrecipient. This employee will establish and document, based on her/his understanding of the requirements that have been delegated to the subrecipient, a system for the ongoing monitoring of the subrecipient.

8. Ongoing monitoring of subrecipients by Crossroads Youth & Family Services, Inc. will inherently vary from subrecipient to subrecipient, based on the nature of work assigned to each subrecipient. However, ongoing monitoring activities may involve any or all of the following:

a. Regular contacts with subrecipients and appropriate inquiries regarding the program.

b. Reviewing programmatic and financial reports prepared and submitted by the subrecipient and following up on areas of concern.

c. Monitoring subrecipient budgets.

d. Performing site visits to the subrecipient to review financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the subaward.

e. Offering subrecipients technical assistance where needed.

f. Maintaining a system to track and follow up on deficiencies noted at the subrecipient in order to assure that appropriate corrective action is taken.

g. Establishing and maintaining a tracking system to assure timely submission of all reports required of the subrecipient.

9. Documentation shall be maintained in support of all efforts associated with Crossroads Youth & Family Services, Inc.'s monitoring of subrecipients.

# TRAINING OF APPROPRIATE PERSONNEL

Independent contractor(s) are on retainer for consultation and monitoring regarding fiscal management including billing and coding procedures.

In the event of turnover of staff having fiscal management responsibilities, every effort will be made to provide for an overlap of outgoing and incoming staff to ensure efficient initial training on billing and coding procedures.

Cross training of staff having fiscal management responsibilities and attendance at appropriate workshops and seminars regarding fiscal management-related issues provides ongoing and continuing training of all staff with fiscal management responsibilities.

# Employees responsible for billing and coding program compliance shall obtain appropriate training in current grant administrative and program compliance requirements at the time of their initial hiring and on a continuing annual basis.

# QUARTERLY REVIEW OF RECORDS

A quarterly review of a representative sample of records of the persons served for whom said services are billed will be conducted. The sample will reflect 5% of the clients served unless the error rate of the sample indicated that the review should be expanded to include 10% of the clients served. The review will ensure that the services for which the organization bills accurately reflects the services that were provided.

The quarterly report will include any recommended corrective action needed. The quarterly report is forwarded to the Quality Assurance Utilization Review team for their review. Appropriate supervisory staff will conduct personal reviews with all involved direct service staff and ensure all recommended corrective actions are complete and documented.

## FIXED ASSETS AND INVENTORY

Crossroads Youth & Family Services, under the direction of the Chief Financial Officer, will develop a fixed asset and inventory list. This list will be updated as new equipment and assets are acquired. Donated marketable securities and other non-cash donations shall be recorded as contributions at their estimated fair market values at the date of donation.

Property and equipment shall be carried at cost or, if donated, at the estimated fair market value. Fixed assets acquired by Crossroads Youth & Family Services are considered to be owned by Crossroads Youth & Family Services. However, state-funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The state has a reversionary interest in those assets purchased with its funds.

Expendable items will be reflected as expenditures as purchased. Merchandise on hand at fiscal year-end shall be considered immaterial; therefore no inventories shall be reflected in the financial statements.

Assets acquired, with a value of $5,000 or more, will be tagged with an identifying number and entered into a fixed asset tracking system. At the end of each fiscal year, the Senior Staff Accountant shall determine the correct amount of depreciation for each asset and adjust the book value of those assets accordingly. Depreciation shall be computed using primarily the straight-line method over the estimated useful life of the asset. Depreciation of fixed assets shall follow the following schedule:

Buildings 39.5 years

Furniture and Equipment 3-7 years

Vehicles 5-7 years

As a safeguard over assets, an inventory count shall be taken at least once annually and reconciled to the Fixed Asset Detail Register kept by the Senior Staff Accountant.

When the rental or lease of equipment is determined to be more economical than the purchase of equipment, or when adequate funds are not budgeted for the purchase of equipment, the Executive Director may enter into the most cost-effective rental agreement for such equipment.

Property, which is considered to be of no value because of “fair wear and tear,” may be disposed of provided it is documented that the Executive Director and the Chief Financial Officer concur that the property is of no value and agree on its disposition. A Property Surplus/Disposition Form will be completed for such property.

Approval of the Chief Financial Officer shall be required for the disposal of any equipment inventory. In the event that the book value of such equipment exceeds $250, such disposal shall also require the approval of the Executive Director. At least three written quotes for the sale or trade of such equipment shall be required and in no event shall the organization dispose of the equipment for less value than the highest quote. The equipment could also be donated to another non-profit organization or junked. In any event, equipment purchased through a federal award with a fair market value of $5,000 or less does not need prior approval of the awarding agency and no further obligation exists.

## CONTRIBUTED MATERIALS AND FUNDS

All donated materials and funds that are received by Crossroads Youth & Family are to be received by the Chief Financial Officer or his/her designee. Upon receipt of the material or funds, a receipt will be issued to the donor for the fair market value of the donated item. Supporting documents are then routed to the Senior Staff Accountant for recording of the donation into the General Ledger. All non-cash contributions where fair market value exceeds $5,000 are recorded on the Fixed Asset Detail and depreciated over the estimated useful life.

## LEASES

All facilities rented by the organization shall be on the basis of a “lease agreement” or “letter of understanding” that as a minimum, contains the description of property rented, number of square feet, monthly cost, provisions for utilities, janitorial services, risk protection, and effective dates of the agreement that is signed by the owner of the facility, or his agent and the Executive Director.

Accounting for leases will be in accordance with generally accepted accounting principles.

## BORROWING

No employee or member of the Board of Directors shall have the authority to borrow funds in the name of Crossroads Youth & Family Services without the approval from the Executive Director and the Board of Directors. This policy does not apply to the use of credit cards and charge accounts, which have been authorized by the Executive Director.

Credit limits associated with the various charge cards and charge accounts used by Crossroads Youth & Family Services employees, in the conduct of organization business, shall be established by the Executive Director and monitored by the Director of Administrative Services.

## FINANCIAL DOCUMENT STORAGE AND CONTROL

Financial documents will be maintained in the fiscal department when not being utilized in appropriate work-related activities.

Financial documents will be maintained in the fiscal department under lock and key for a period of two years. At the end of two years, the documents will be stored in the locked document storage area for an additional three years. After five years, financial documents may be disposed of either by shredding or by incineration. Documentation will be maintained for fixed asset purchases that are still being depreciated. Documentation will be maintained for capital purchases as long as the fixed asset is owned. Tax returns and Board agendas and minutes shall be maintained for perpetuity.

Payroll records will be maintained for a period of seven years and then disposed of either by shredding or by incineration.

The Executive Director, Director of Administrative Services and the Executive Assistant will maintain keys to the secured financial documents.

Other organization employees or Board members and representatives of funding or monitoring agencies will be allowed access to the financial records/files on a need-to-know basis only.

Original information or records should never leave the accounting department. Copies of all pertinent information may be obtained, leaving the originals in place. Should the original have to be removed from the department, the individual, with the exception of the Executive Director and the Chief Financial Officer, is required to log-out the removal of information.

The financial statements of the corporation may be released only by the express direction of the Executive Director or Chief Financial Officer or as required by contract or law.

The Staff Accountants will prepare, from the ledgers and related documents of the organization, other reports as needed to provide management with a sound basis for financial decisions. These reports will include, but are not limited to, reports of the services performed, services billed, payments collected and status of uncollected services. Frequency and content of the reports will be determined in the meetings of the Administrative Staff meetings.

## ELECTRONIC DATA PROCESSING

The network and the general accounting system will be backed up to a tape Monday through Friday evenings after 7:00 p.m. The tape will be stored in a fireproof lock box in the Information Technology Manager’s office. Once a week, the back-up tapes will be taken to an off-site location and stored in a safety deposit box. Access to back-up files shall be limited to individuals authorized by management.

Access to Electronically Stored Accounting Data. It is the policy of Crossroads Youth & Family Services, Inc. to utilize passwords to restrict access to accounting software and data. Only duly authorized accounting personnel with data input responsibilities will be assigned passwords that allow access to the system.

Accounting personnel are expected to keep their passwords secret and to change their passwords on a regular basis, no less frequently than quarterly. Administration of passwords shall be performed by a responsible individual independent of programming functions.

Each password enables a user to gain access to only those software and data files necessary for each employee's required duties.

## PROVISIONS FOR GENERATING REVENUE

Crossroads Youth & Family Services, through the Executive Director, the Board of Directors and the Oklahoma Association of Youth Services, actively monitors all legislative changes to determine any additional funding sources or any changes to current funding sources. Crossroads Youth & Family Services also actively seeks private funding sources whenever possible and contract opportunities with other state or federal agencies. The administration of Crossroads Youth & Family Services closely monitors the financial viability of each program monthly to ensure that the resources are available to provide the current services thereby allowing administration to modify services according to the available resources.

The Staff Accountant oversees the preparation of all contract claims at the close of each month for that month’s expenditures. The claim is then approved by the Executive Director or his/her designee and forwarded to the appropriate contract organization by the 15th of the following month or per contract requirements.

## PAYROLL

Paychecks will be distributed biweekly on every other Friday. Employees will be offered the choice to have their paychecks electronically deposited or issued a paper check. Electronic funds will be available on the morning of the payroll date. Paper checks will be mailed directly to the employee on the Thursday prior to the payroll date.

A timesheet for all employees is to be submitted to the appropriate supervisor no later than 8:30 a.m. the Monday before a payday. The supervisors are to submit the approved time sheets to the fiscal department no later than 4:00 p.m. the Monday before a payday. Timesheets will include that staff member’s name, title, work location and date. Time worked and leave/holiday information will be recorded in the appropriate sections of the time sheet. All applicable sections will be completed and each column totaled. When a non-exempt employee works any time in excess of their schedule, regardless of whether it is in excess of 40 hours or not, the immediate supervisor will approve and initial total time worked.

Wages shall be paid based on signed time sheets, which have been approved by the employee’s supervisor. Attendance records shall be maintained on all exempt and non-exempt employees.

The rate of pay for employees shall be in accordance with job duties, employee status and the approved salary schedule of the organization.

Administrative Staff shall authorize employment and rate of pay subject to the approval of the Executive Director.

Changes in Payroll Data. It is the policy of Crossroads Youth & Family Services, Inc. that all of the following changes in payroll data are to be authorized in writing:

1. New Hires

2. Terminations

3. Changes in Salaries and Pay Rates

4. Voluntary Payroll Deductions

5. Changes in Income Tax Withholding Status

6. Court-Ordered Payroll Deductions or Garnishments

New hires, terminations, and changes in salaries or pay rates shall be authorized in writing by the appropriate Program Director.

Voluntary payroll deductions and changes in income tax withholding status shall be authorized in writing by the individual employee.

Documentation of all changes in payroll data shall be maintained by the Human Resources Department in each employee’s personnel file.

Review of Payroll. Upon production of all payroll reports and checks, the Executive Director reviews payroll prior to its distribution to employees.

Changes in routine payroll information, i.e., rate of pay, marital status, claimed dependents, etc., or information on new employees, will be submitted using a Personnel Action Form and/or an accompanying revised W-4 form.

Accrued leave balances shall be maintained on a current basis by each employee, subject to the review and approval of their supervisor, and shall be reflected on each timesheet.

The Payroll Specialist will be responsible for insuring the payment of payroll taxes and all organization-approved voluntary payroll contribution programs, i.e., 401(k) plan, etc. The Payroll Specialist will also be responsible for the preparation of the quarterly payroll tax reports.

Timesheets, payroll and leave records will be maintained for each employee for a seven-year period.

## REIMBURSEMENT OF TRAVEL AND EXPENSES

Organization travel reimbursement shall be in accordance with current guidelines and rates established by the State of Oklahoma. Any exception to State guidelines or rates requires the written approval of the Executive Director or his/her designee.

Oklahoma has two rates for per diem within the State of Oklahoma. Within the Oklahoma City area the per diem is $59.00 per day and the lodging rate is $98.00 per night. For all other locations in Oklahoma the per diem rate is $51.00 per day and the lodging rate is $89.00 per night. Lodging for an approved conference will be reimbursed at the documented conference hotel rate.

An exception to the State policies include meals for authorized out-of-county travel related to organization business that do not involve an overnight stay which may be reimbursed with proper receipts. Meals receipts must include the name of the restaurant and the city.

Travel reimbursement rates will vary depending on the location of travel as identified in the Government Services Administration’s (GSA) continental United States (CONUS) rates for domestic locations. A complete listing of the CONUS locations and rates can be obtained from the GSA per diem web site: [www.policyworkds.gov/perdiem](http://www.policyworkds.gov/perdiem).

All travel and transportation cost claims will be completed on the designated organization form, signed and dated by the employee, reviewed and approved by the supervisor and submitted to the fiscal department for reimbursement.

Travel claim forms should not include travel covering more than a one-month period. Receipts must support the following travel-related items:

1. Travel claims by commercial transportation costs, i.e., airplane, bus, rental car, etc.;
2. Lodging expenses;
3. Parking fees, turnpike tolls and public transportation, i.e., taxi, bus, etc.
4. Meals

All travel expense reimbursement claims must be payable to the person who actually performed the travel. Travel claims will be paid from program year funds during which the travel was performed. Travel will be approved and reimbursed based on the availability of funds and will be processed along with accounts payable checks and handled in the same manner.

## INSURANCE

Crossroads Youth & Family will maintain adequate insurance at all times to protect the organization from losses arising from fire and natural disasters, theft, personal liability, professional liability and employee dishonesty. The insurance program shall include coverage for buildings and equipment owned or leased by Crossroads Youth & Family Services.

To ensure appropriateness of coverage, the insurance program will be reviewed at least annually by the Director of Administrative Services and the Executive Director and presented to the Board for approval. The following specifies our current carriers and the types of insurance purchased:

Property Philadelphia Insurance Company

Crime (bonding) Philadelphia Insurance Company

Commercial General Liability Philadelphia Insurance Company

Professional Liability Philadelphia Insurance Company

Automobile Philadelphia Insurance Company

Directors and Officers Philadelphia Insurance Company

Umbrella/Excess Philadelphia Insurance Company

Workers Compensation CompSource Oklahoma

Health Aetna

Life Aetna

Dental Delta Dental

Long-Term Disability Aetna

Employees will be eligible to participate in Crossroads YFS’ health insurance program on the first of the month following sixty days of employment.

Insurance premiums for dependent coverage are prepaid and will be assessed through payroll deduction.

The Director of Procurement is responsible for maintaining a list of all insurance policies and expiration dates. Crossroads Youth & Family Services will review policies at least 60 days prior to the renewal date to determine, through the comparisons of other policies, if the maximum cost controls and quality have been achieved.

An employee or approved driver with a valid driver’s license may drive an organization vehicle for approved company business. Any accident and/or injury that may occur while an employee or approved driver is driving an organization vehicle are fully covered under the organization’s liability insurance.

Employees who drive his/her own vehicle for work purposes are to maintain his/her own auto liability insurance, and a copy of the current certificate of insurance shall be maintained in each staff member’s or approved driver’s personnel file.

An employee may transport an adult or minor client when appropriate on approved company business and as required when:

1. Supervisor is aware of and gives approval for such transportation
2. Contract under which the employee is hired requires certain transportation for clients
3. Employee has a valid driver’s license
4. Employee has a copy of his/her current automobile liability policy/card maintained in the personnel file
5. Employee maintains an approved fire extinguisher, a first aid kit, and written policies for handling medical emergencies in his/her vehicle.

No employee under the age of 21 is permitted to drive organization vehicles. Employees between the ages of 21 and 25 are permitted to drive organization vehicles for work-related purposes, but are prohibited from transporting clients.

Independent Contractors: Independent contractors for the organization are not covered by the organization. Crossroads Youth & Family Services, Inc. will obtain a completed Form W-9 or equivalent substitute documentation from all vendors/contractors to whom payments are made. A record shall be maintained of all vendors/contractors to whom a Form 1099 is required to be issued at year-end. Payments to such vendors/contractors shall be accumulated over the course of a calendar year.

Communication of Coverage: Organizational insurance coverage will be communicated to those persons associated with Crossroads Youth & Family on a need to know basis. Employee coverage will be provided to and communicated to all necessary employees including clinical and non-clinical staff as well as administrative staff and Board of Directors. Physical plant coverage and liability coverage will be communicated to the Administrative Staff and the Board.

**FIELD TRIPS**

Transportation for all off-site field trips for Head Start/Early Head Start children will be provided by the organization through owned or leased vehicles/vans/buses with approved child-safety restraints. Staff and/or independent contractors, who are hired as approved drivers, and who drive children and/or staff for field trips, shall have a current Commercial Driver’s License, a copy of which shall be provided and on file with the organization. All Oklahoma Child Care Licensing Standards, Section 29, Transportation, A through F, pertaining to transportation of children apply.

## FEDERAL AND STATE TAX FORMS

Federal and state tax forms shall be filed on a timely basis as required by federal and state law. All effort should be made to avoid the incurring of penalties and interest due to late filing. Where appropriate, all information submitted on the federal tax return (Form 990) or the state of Oklahoma tax return (Form 512e) should come from Crossroads Youth & Family’s general ledger or from the payroll register for the quarterly and monthly payroll tax returns.

## DISCLOSURE OF CURRENT TAX STATUS

Crossroads Youth & Family will disclose its current tax status to all funders. This disclosure will be sent to all funders and included on appropriate organizational brochures and other literature. Crossroads Youth & Family Services is a 501(c)(3) non-profit organization. The Executive Director will have the primary responsibility to assure that all funding agencies and the general public understand that Crossroads Youth & Family Services is a 501(c)(3) non-profit organization and all donations are tax deductible.

## FRAUD AND INTERNAL CONTROLS POLICY

## This policy applies to any fraud or suspected fraud involving employees, officers or directors, as well as members, vendors, consultants, contractors, funding sources and/or any other parties with a business relationship with Crossroads Youth & Family Services, Inc. Any investigative activity required will be conducted without regard to the suspected wrongdoer’s length of service, position/title, or relationship with Crossroads Youth & Family Services, Inc.

Crossroads Youth & Family Services’ management is dedicated to maintaining an environment that reduces the risk of fraud by taking steps to establish and maintain effective internal controls that:

1. Comply with the Committee of Sponsoring Organizations of the Treadway Commission (COSO)
2. Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards
3. Evaluate and monitor compliance with statutes, regulations and the terms and conditions of Federal awards
4. Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings
5. Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the Crossroads Youth & Family Services’ considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality

Each year, during the fiscal audit, management works closely with the Independent Auditor to identify areas that may be susceptible to fraud or misappropriation so the necessary policies and procedures can be put in place to correct these weaknesses.

Contracts and grants of the organization designate the funds for specific programs and services. Each contracting organization requests and approves budgets, which detail how the funds are to be used. Contracting agencies conduct periodic audits of all fiscal records to assure contract compliance. The Staff Accountants maintain an accounting of all contract revenues and expenditures and prepares detailed monthly budget reports for the Executive Director, who submits these reports to the Board for their review and approval on a monthly basis.

When fraud or misappropriation is suspected, administration will first notify the Board of Directors and secondly, legal counsel. Under the direction of counsel and upon approval of the Board of Directors, the organization will notify the appropriate agencies and seek the services of an outside investigator when necessary. Fraud and misappropriation of assets under all circumstances are to be dealt with in a timely and efficient manner.

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately to the Chief Financial Officer or, alternatively, to the Chair of the Crossroads Youth & Family Services, Inc. Audit Committee, who coordinates all investigations. Investigations are conducted immediately in confidentiality.

Disciplinary action will be taken:

1. Against any employee who authorizes or participates directly in actions that constitute fraud.

2. Against any employee who has deliberately failed to report or deliberately withheld relevant and material information concerning fraud.

3. Against any Director, Manager or supervisor who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a suspicion of fraud.

Crossroads Youth & Family Services, Inc. strongly urges all employees to immediately report any suspicion of fraud, waste or abuse. The Audit Committee and the Chief Financial Officer treat all information received confidentially and adheres to a non-reprisal policy.

Actions Constituting Fraud. The terms fraud, defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

1. Any dishonest or fraudulent act.

2. Forgery or alteration of any document or account belonging to Crossroads YFS.

3. Forgery or alteration of a check, bank draft, or any other financial document.

4. Misappropriation of funds, supplies, equipment, or other assets of Crossroads YFS.

5. Impropriety in the handling or reporting of money or financial transactions.

6. Disclosing confidential and proprietary information to outside parties.

7. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to Crossroads YFS greater than $50 in value.

1. Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment.
2. Any similar or related irregularity.

#### CHARGING OF COSTS TO AWARDS

#### Overview

It is the policy of Crossroads Youth & Family Services, Inc. (the Organization) that only costs that are reasonable, allowable and allocable to a Federal, State or County award shall be charged to that award. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to awards.

#### Unallowable Costs

The following steps shall be taken to identify and segregate costs that are allowable and unallowable with respect to each award:

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.
2. Accounting personnel shall be familiar with the allowability of cost provisions of 2 CFR Part 230, “Cost Principles for Non-Profit Organizations”, particularly:
   * + 1. The list of specifically unallowable costs found in Attachment B (Selected Items of Cost), such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
       2. Those costs requiring advance approval from Federal agencies in order to be allowable in accordance with Attachment B, such as foreign travel, equipment purchases, etc.
3. No costs shall be charged directly to any award until the cost has been determined to be allowable under the terms of the award and/or 2 CFR Part 230.
   1. For each award, an appropriate set of general ledger accounts shall be established in the chart of accounts of Crossroads Youth & Family Services, Inc. to reflect the categories of allowable costs identified in the award or the award budget.
   2. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to an award or to an activity associated with an award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e., if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit.)

#### Allowable Costs

It is the policy of Crossroads Youth & Family Services, Inc. that all costs must meet the following criteria in order to be treated as allowable costs under an award:

1. The cost must be of a type that is generally considered as being necessary for the operation of the organization or the performance of the award;
2. The cost must meet the terms and conditions of the award;
3. The cost is incurred specifically for an award;
4. The cost must be consistent with established policies and procedures of the Organization, deviations from which could unjustifiably increase the costs of the award.
5. The cost is necessary to the overall operation of the Organization, even though a direct relationship to any particular program or group of programs cannot be demonstrated.
6. The cost must conform to any limitations or exclusions of 2 CFR Part 230 or the award itself.
7. Costs must be consistently treated over time.
8. The cost must be determined in accordance with generally accepted accounting principles.
9. Costs may not be included as a cost of any other financed program in the current or prior periods.

10. The cost must be adequately documented.

##### Cost Allocation Plan

### **A. Overview**

As one of its financial management objectives, Crossroads Youth & Family Services, Inc. strives to determine the actual costs of carrying out each of its program services and supporting activities. In this regard, it is the policy of Crossroads Youth & Family Services, Inc. to charge expenses to the appropriate category of program service or supporting activity. Crossroads Youth & Family Services, Inc. uses the direct allocation method for allocating all readily determinable costs to awards. The Organization has not established an indirect cost rate, therefore all costs are directly charged or allocated. Costs which benefit more than one award will be allocated to awards based on the cost allocation guidelines listed below.

#### B. Direct Costs

Direct costs include those costs that are incurred specifically for one award. Crossroads Youth & Family Services, Inc. identifies and charges these costs exclusively to each award or program.

Each invoice shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure.

Time sheets are submitted on a regular basis reflecting employees’ work hours and which programs directly benefited from their effort. Time sheets shall serve as the basis for charging salaries directly to awards.

Equipment purchased for exclusive use on an award and reimbursed by a federal, state or county agency shall be accounted for as a direct cost of that award (i.e., such equipment item shall not be capitalized and depreciated).

#### C. Cost Allocation

Expenses that serve multiple functions or are not readily identifiable with one function shall be allocated between functions.

#### Accounting for Specific Elements of Cost

***Salaries and Benefits***– Salaries and wages shall be charged directly and/or allocated based on the functions performed by each employee, as documented on each employee’s time sheet, as follows:

***Direct Cost****s* – The majority of the employees of Crossroads Youth & Family Services, Inc. charge their time directly since their work is specifically identifiable to specific grants or other (non-federal) programs or functions of the organization.

***Allocated Cost****s –* Salaries and benefits of the human resources, financial accounting and administrative personnel will be allocated based on the following allocation method.

## *Accounting Salaries and Benefits*

Accounting salaries and benefits will be allocated based on how many accounting transactions were attributable to each individual program calculated as a percentage of all transactions. The percentage is to be recalculated annually for application for the following year. Accounting salaries are booked to one general ledger account at time of payment and then allocated at the end of the month on a journal entry. The, Senior Staff Accountant, Staff Accountant, Accounts Payable Clerk and the Payroll Specialist are allocated as accounting staff:

# *Human Resources Salaries and Benefits*

Human Resources salaries and benefits will be allocated based on how many employees were attributable to each individual program calculated as a percentage of all employees. The percentage is to be recalculated annually for the following year. Human Resources salaries are booked to one general ledger account at time of payment and then allocated at the end of the month on a journal entry. The Director of Administrative Services, Human Resources Coordinator and the Human Resources Assistant are allocated as human resources staff.

***Administrative Personnel Salaries and Benefits***

Administrative Personnel salaries and benefits are allocated based on how many employees were attributable to each individual program calculated as a percentage of all employees. The percentage is to be recalculated annually for the following year. Administrative Personnel salaries are booked to one general ledger account at time of payment and then allocated at the end of the month on a journal entry. The Executive Director and the Director of Communications and Special Services are allocated as Administrative Personnel.

Compensated absences (paid leave, sick leave, and holiday pay) are considered part of salary costs. The accounting system of Crossroads Youth & Family Services, Inc. records salaries associated with compensated absences as direct or allocated costs in the same manner that salary costs are recorded.

***Occupancy Expenses*** – Monthly rent expenses and related pass-through expenses shall be charged directly or allocated based on approximate square footage of space utilized, as follows:

*Direct Costs* – The cost of space occupied by staff whose salaries are directly charged to awards is charged directly to those same awards.

*Allocated Costs* – The cost of space occupied by staff whose salaries are allocated is also allocated in the same ratio as their salaries are allocated.

***Utilities*** – Utility costs incurred by Crossroads Youth & Family Services, Inc. include electricity, gas and water. Such utilities costs shall be charged directly or allocated in the same proportion as occupancy costs.

***Supplies and Materials*** – To the maximum extent possible, office supplies and materials are charged directly to the grant or program/function that uses the supplies or materials, based on the completion of a purchase order. All supplies and materials used by staff who are engaged in allocated activities shall be allocated in the same proportion as salaries and benefits.

***Postage and Shipping*** – To the maximum extent possible, postage and shipping costs shall be charged directly to the grant or program/function that benefits from the postage or shipping costs.

***Photocopying and Printing*** – Photocopying costs include all paper and copy supplies, copier maintenance charges and the actual lease cost of the copier. Photocopying costs shall be charged directly. All printing costs are charged directly to the benefiting grant or program/function. All photocopying and printing used by staff who are engaged in allocated activities shall be allocated in the same proportion as salaries and benefits.

***Communications*** – Communications costs include the costs of local telephone service and long-distance telephone charges, including charges associated with telephone calls, facsimile transmissions, and Internet dial-up connections. All communication costs are charged directly to the benefiting grant or program/function. All communication costs for staff who are engaged in allocated activities shall be allocated in the same proportion as salaries and benefits.

***Outside Services*** – Crossroads Youth & Family Services, Inc. incurs outside service costs for its annual audit, legal fees, and for staff development specialists. Outside service costs shall be charged as follows:

***Audit Fees*** – Cost of the financial statement audit and preparation of Form 990 shall be charged to the different programs based on the dollar volume of program expenses.

***Legal Fees*** – Legal fees shall be charged directly to the program/function that benefits from the services. Legal fees that are not identifiable with specific direct grants or programs shall be allocated to grants or programs that benefit from the expense.

***Staff Development Specialists*** – Costs associated with staff development specialists shall be charged directly to the program/function that benefits from the services. Fees that are not identifiable with specific direct grants or programs shall be allocated to grants or programs that benefit from the expense.

***Insurance***– To the extent that insurance premiums are associated with insurance coverage for specific grants or programs, those premium costs shall be charged directly. All insurance costs that are not identifiable with specific direct grants or programs (such as the Organization’s general liability coverage) shall be allocated based on the dollar volume of program expenses.

***Credits*** – The applicable portion of any credits resulting from cash discounts, volume discounts, refunds, write-off of stale outstanding checks, trade-ins, scrap sales or similar credits shall be credited directly or allocated in the same manner as the purchase that resulted in the credit.

**Policy Section Approved by:**

*/ /\_\_\_\_\_*

*Executive Director Date*

*/ /\_\_\_\_\_*

### Board Representative Date

##### Annual Review Approval

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*Board Representative Date*

##### Annual Review Approval

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*Board Representative Date*

##### Annual Review Approval

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