



Fiscal Policy & Procedure Manual

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Revised & Approved:

Amended: October 2017

Amended: August 20, 2018- Title Changes only

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Amended: August 3, 2021 – Procurement (lease vs. purchase)

Amended: October 4, 2021 – contract renewal terms

Amendment pending Approval on: 11/01/2021 regarding the Hannaford Charge Card Policy and agency Sweep Policy

SECTION 1: Procurement of Goods & Services

Policy Overview

It is the policy of LEAP to follow a practice of ethical, responsible and reasonable procedures related to all purchasing, including binding agreements, contracts, and related forms of financial commitment. LEAP shall avoid purchasing items that are not necessary or duplicative for the performance of the activities required by a federal award (2 CFR Part 200.318(d)). The purchasing thresholds described in this section adhere to the micro-purchase limit, which states that anything under \$10,000 (in aggregate) is a micro-purchase. As well as the Simplified Acquisitions Threshold (SAT) of \$250,000. Micro-purchases may be made without soliciting competitive quotation and SAT purchases must adhere to a formal, sealed, competitive bidding process. Note that LEAP has conservatively set the micro-purchase threshold at \$7,500 based on the average purchasing of the agency throughout the fiscal year, in addition to setting the need for a sealed competitive bidding process to those purchases of \$25,000 or greater. Where appropriate, an analysis will be conducted by the Finance Director, Executive Director and/or Finance Committee of the Board to examine lease versus purchasing options to ensure the most cost effective and efficient option is available to L.E.A.P. (Revised July 2021).

Financial Instruments and safe-keeping of Assets

LEAP has a number of financial instruments available in order to make payment to vendors. These include physical check payment, American Express payment, ACH bank payment, Visa Debit Card payment. Check stock, account information and the agency Visa Debit Card will be maintained in a secured location within the LEAP Administrative Office. It is the responsibility of the Finance Director to ensure sufficient stock and safe keeping of financial instruments (including Rewards and Gift Cards). American Express cards, as discussed in more detail below, are made available to each of the five members of the Senior Administrative team, each of whom is responsible for safe keeping of said card. Copies of all credit card statements will be provided to the LEAP Board of Directors as well as the Head Start Policy Council on a monthly basis as part of the Finance Director's Report.

Opening of any new fiscal instrument (for example, a new agency credit card account or a certificate of deposit with the bank), would require prior approval from the Board of Directors as the fiduciaries of the agency. In the event that the agency credit card is lost or stolen, the Executive Director and the Fiscal Office must be notified immediately, and the card will be cancelled by the Executive Director (or designee).

Note: the agency also maintains 'Rewards' card memberships with Hannaford, Price Chopper (Market 32), Staples, Wal Mart and Lowe's. Rewards cannot be used for personal use and a receipt for transactions made with these specific vendors must be provided (per policy) to management and fiscal. Receipt serves as documentation for any rewards provided to the agency. Whenever possible, Rewards cards must be used in place of other forms of payments when purchasing from these vendors. **Please refer to the appendix for the policy and employee sign-off form regarding Hannaford charge cards.**

IntraFi Deposit Program

Glens Falls National Bank (GFNB) offers LEAP collateral coverage through their IntraFi Deposit Program to ensure compliance with the FDIC deposit insurance limit of \$250,000. The program applies to the agency's 'General', 'Vacation Accrual' and 'Payroll' checking accounts; three of the five LEAP checking accounts held with GFNB that have the highest level of daily cash activity. The program works as follows:

All available balances above \$1,000 will sweep overnight to a separate (non-Interest bearing) IntraFi Deposit account. Deposits are placed at multiple banks across the Network in amounts

within the \$250,000 FDIC deposit insurance limit. Funds will sweep back and forth to cover any activity in the checking account.

A Note About Ethical Conduct

Ethical conduct in managing the Organization's purchasing activities is absolutely essential. Staff must always be mindful that they represent the agency and share a professional trust with BOD and other LEAP employees.

- Staff shall discourage the offer of, and decline, individual gifts or gratuities of value in any way that might influence the purchase of supplies, equipment, and/or services. Staff shall notify their immediate supervisor if they are offered such gifts.
- No officer, board member, employee, or agent shall participate in the selection or administration of a contractor if a real or apparent conflict of interest would be involved. Such a conflict would arise if an officer, board member, employee or agent, or any member of his or her immediate family, his or her spouse or partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the vendor selected.
- Officers, board members, employees, and agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors or parties to sub-agreements.

DEFINITIONS: Purchase Thresholds

NOTE: For all categories listed below, the amount is defined by the total value of the contract for the good or service (not based on cost per year). Additionally, when contracting with a municipality or government entity, the contracting process must comply with the rules and regulations of said entity.

1. Micro-Purchases up to \$7,500

Purchases up to \$7,500 are considered “micro-purchases” and do not require solicitation of quotes or a competitive bidding process (unless a separate bidding process is required by a Grantor). However, please note that the best practice of collecting quotes and/or putting the request out into a competitive bidding process may be done on a case by case basis, as there may be situations where a competitive bidding process or comparative quotes would be in the best interest of the agency.

2. Purchases at or above \$7,500 and below \$25,000

When the estimated price reaches \$7,500 (and not to exceed \$25,000), and outside of purchases made as part of existing contracts or written MOUs, the agency will require (at minimum) three written quotes obtained from responsible vendors offering the needed commodities and/or services

- All quotes shall be attached to the Purchase Order Request Form along with documentation of the process followed in the selection of the contractor and/or statement of any situation where reasonable competition was not available.
- Again, while not a requirement of the policy, the agency may decide to pursue a competitive bidding process for purchases within this threshold if it would be in the best interest of the agency.

3. Purchases in Excess of \$25,000

When purchasing services in excess of \$25,000, the agency will structure a formal competitive bidding process that complies with 2 *CFR Part 200.319*. Examples include Payroll Services, Audit Services and Insurance. Solicitations for goods and services (requests for proposals) should provide for all of the following:

- a) The procurement process should show clear documentation that “good faith efforts” were used to achieve maximum participation results.

Bank Account Policy Overview:

As of the most recent date of this policy, LEAP's cash funds are held via commercial checking accounts with Glens Falls National Bank. ~~Additionally, and to comply with the FDIC Deposit Insurance Coverage Limit of a \$250,000 for any one account, the agency maintains a cash account with Saratoga National Bank. The cash account is used only when the month-end balance of any individual account exceeds \$250,000. In order to keep this account active, a \$5,000 balance is kept within the account at all times.~~

The agency maintains separate sub-accounts within Glens Falls National Bank for the following checking accounts (based on restriction):

1. General Fund: the primary checking account covering most agency expense and revenue activity
2. Payroll: a sub-account specific to the payroll transactions of the agency, including but not limited to: wages, taxes, retirement expense and payroll-related fees
3. Head Start Policy Council Fund: a sub-account specific to expenses funded by and revenue generated by the Policy Council
4. Accrued vacation: a sub-account setup to ensure sufficient funding for all owed accrued paid vacation, calculated at the end of each fiscal year, and reflected on the balance sheet as both an asset and a liability.
5. Debit Account: reflects the transactions of the Visa Debit Card, primarily used by HR as discussed in Section 1.
6. ~~Community Action Angels: an inactive account with a zero balance that was closed per Board approval (and auditor advisement) in 2020.~~

Investment Instruments

As of the most recent date of this policy, the agency maintains two separate short-term certificate of deposit (CD) accounts. The original CD was opened in 2010, matures every 12 month and carries a 1% interest rate (initial balance approximately \$30,000). A second CD was opened in 2019, matures every 14 months and carries a 1.8% interest rate (initial balance approximately \$125,000). These investments serve as the 'Agency Reserves' – to be 'tapped' for use only when authorized by the Board of Directors. The funds are not held to any donor restricts.

Line of Credit

LEAP maintains a line of credit (LOC), in the amount of \$30,000, with Glens Falls National Bank. As of the date of this policy, the LOC holds a \$0 balance. In the event of a need to draw from the LOC, approval would be required first by the Executive Director and then by the Executive Committee of the Board of Directors. The LOC is intended for short-term cash shortages only.

Authorized Signatures

The only signatories on each of the accounts listed above are the Executive Director, the Board Chair and the Treasurer of the Board. Signature cards are updated as these positions change/vacancies are filled. The Finance Director is responsible for collecting the signatures for these cards from each signatory and submitting the information the agency bank representative(s).

Account Reconciliation Procedure

1. The monthly statements for the checking accounts with Glens Falls National Bank (~~inclusive of the IntraFi sweep accounts~~) are reconciled to the balance sheet on a monthly basis, no later than 30 days from receipt of the statement. At present, statements are received electronically.

Fiscal Policy and Procedure Amendments and Additions Approved December 9, 2015

1. Unrelated Business Income
 2. Independent Auditor Policy
 3. FDIC Coverage and Sweep Account Policy
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1. Unrelated Business Income

Purpose for Policy

The Agency is required to file an Exempt Organization Business Income Tax Return (Form 990 T) with the Internal Revenue Service reporting any unrelated business income generated by the activities not directly related to its primary mission.

Policy Statement

All departments shall to notify the Fiscal Office of any new programs that may generate revenues that fit the definition of unrelated business income. At least annually or prior to the start of a new grant or contract department will seek guidance on the implication of new business engagements.

Unrelated Business Income Defined (Refer to IRS Publication 598, January 2015)

For most organizations, an activity is an unrelated business (and subject to unrelated business income tax) if it meets three requirements:

1. It is a trade or business,
2. It is regularly carried on, and
3. It is not substantially related to furthering the exempt purpose of the organization.

There are, however, a number of modifications, exclusions, and exceptions to the general definition of unrelated business income.)

All final determinations of unrelated business income will be made by the fiscal office.

2. Review of Independent Auditor

Each year, audit committees should evaluate the external auditor in fulfilling their duty to make an informed recommendation to the Board whether to retain the auditor. The evaluation should encompass an assessment of the qualifications and performance of the auditor; the quality and candor of the auditor's communications with the audit committee and the company; and the auditor's independence, objectivity and professional skepticism.

To this end, this assessment questionnaire will be used by the audit committee and board to measure determine customer satisfaction and determine if continued engagement is desired.

This survey will be completed annually after the audit is completed and prior to signing a new engagement letter.

~~3. FDIC insurance coverage for the Bank Deposit Program: Sweep Account~~

~~Balances in the Bank Deposit Sweep Accounts are insured up to \$250,000 (or other applicable amount) per Affiliated Bank by the Federal Deposit Insurance Corporation (FDIC).~~

~~For purposes of calculating FDIC insurance limits, the cash balances in the Bank Deposit Sweep Program at any one of the Affiliated Banks will be combined with deposit balances held directly by or indirectly for you at the same bank. LEAP will monitor the need to sweep money from the general operating account into the sweep. Based on cash needs money may or may not be transferred between accounts. The goal is to protect assets with limiting the need of funds for daily operations.~~

11/1/2021 – Sweep account policy and procedure amended to align with the Glens Falls National Bank 'IntraFi' product

Policy: LEAP Employee Hannaford Charge Cards

Overall LEAP Policy on Safe-Keeping of Assets

LEAP has a number of financial instruments available in order to make payment to vendors. These include physical check payment, American Express payment, ACH bank payment, Visa Debit Card payment and Hannaford Charge Card payment. Check stock, account information and the agency Visa Debit Card will be maintained in a secured location within the LEAP Administrative Office. It is the responsibility of the Finance Director to ensure sufficient stock and safe keeping of financial instruments (including Rewards and Gift Cards).

Hannaford Charge Cards - Overview

The agency has an account with the Hannaford Corporation that involves the distribution of specific Hannaford charge cards for program and administrative purchasing use (Head Start Program, Emergency Assistance / Food Pantry Program and LEAP Administrative meetings & functions). This type of purchasing ensures efficient programming and operations with minimal disruption or delay.

LEAP Controls

In order to ensure appropriate controls, Hannaford Charge cards are made available only to specific designated staff members based on their role and responsibility. Additionally, cards are only issued to a new staff person following two consecutive weeks of satisfactory employment with the agency. Currently, Hannaford Charge cards are limited to the following positions and may be further limited based on other factors (location, for example): Cook, Cook Assistant, Home Based Coordinator, Health & Nutrition Coordinator, Cambridge Center Coordinator, HR Director and the Program Coordinator for Emergency Assistance. Each of whom is responsible for safe keeping of said card.

Lost or Stolen Cards

In the event that a Hannaford Charge card is lost or stolen, the Program Director and the Fiscal Office must be notified immediately, so as to ensure cancellation of the card account. If necessary, an authorized staff person will request that a replacement card be issued.

Appropriate use

As discussed in the agency Fiscal Policy (March 2021), all receipts must be immediately turned into management following use of the card so that a reconciliation can be completed against the Hannaford statements. Personal or unauthorized use of the card is prohibited. In the event that a charge card is misused, access will be terminated (card shredded and cancelled) and the responsible employee will reimburse the agency for said charges.

By signing below, you agree that you have read and understand the LEAP policy regarding Hannaford Charge Cards:

Name, Title: _____

Signature, Date: _____

Supervisor Name, Date: _____

A copy of this signed form will be kept within the employees records for the tenure of their employment.