

## SECTION VI

### Policies Related to Fiscal Control

#### 1.0 **Fee Policies:**

- 1.1 **SEACAP Policy Statement:**  
SEACAP shall not deny any client services for which they are determined eligible or which the Agency has funding.
- 1.2 **Client Reimbursement:**  
SEACAP shall permit client users to remit reimbursements for services rendered. The reimbursement tendered is based on the ability to pay.

#### 2.0 **Policies Relating To Funding Sources:**

- 2.1 **Funding Sources – SEACAP:**  
As the umbrella agency for the four (4) county area in SouthEastern Arizona, SEACAP receives financial support, which, in turn, will determine the budget cycle for that particular grant or contract.

At present, the major funding sources are:

- A. Governor’s Office on Energy Policy
  - B. Arizona Department of Economic Security
  - C. Arizona Department of Transportation
  - D. Southeastern Arizona Council of Governments
  - E. Grant applications will be prepared from time to time to federal and other agencies in order to offer added services when appropriate.
  - F. Other funding sources – Minor amounts are also received from other state and federal agencies and private contributors.
- 2.2 **Response to Requests for Proposals:**  
The Fiscal Manager shall be responsible for reviewing appropriate federal and state documents, i.e., the Federal Register, to identify Requests for Proposals (RFP’s) for which SEACAP may be eligible and appropriately fit into the SEACAP service delivery plans (current and/or future). Responses will be prepared to those RFP’s which, in the opinion of the Executive Director, meet the needs of the catchment area have the capability of meeting the criteria set forth in the RFP. Approval shall be obtained from the Board of Directors before submission of an RFP response is submitted by SEACAP.
  - 2.3 **SEACAP Shall Seek Out Additional Funding – Properties Established**  
SEACAP shall seek federal, state, local or foundation grants or contracts in response to identified needs to provide new or innovative services.

The Board of Directors shall charge the Executive Director to present such needs on a priority scale at each year's October Board meeting.

### **3.0 Policies Relating to the Budget:**

#### **3.1 Budget/Financial Plan Submission:**

The funding source (defined herein as the Grantor or Contractor) defines the date the budgets or financial plans are due. Thirty (30) days prior to the calendar date, SEACAP must submit its budget to the funding source.

#### **3.2 Budget negotiations and Approval:**

SEACAP shall prepare a composite budget for the catchment area and hearings conducted. At the completion of such hearings, the Fiscal Manager, in consultation with the Executive Director, shall prepare the SEACAP budget.

#### **3.3 Budget/Contract Amendments:**

Whenever SEACAP determines that funds are in a surplus or deficit state in any one (1) budget category or contract or subcontract, a request for a budget or contract amendment shall be requested.

Procedures for processing such amendments shall follow the identical procedures for budget and/or contract approval.

When circumstances are such that the approval process can be expedited, the SEACAP accounting department, with the approval of the Executive Director, may find more expeditious methods of approving such amendments.

All budget, contract or subcontract amendments require the approval of the Executive Director.

### **4.0 Policies Relating to Accounting and Audit:**

#### **4.1 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards:**

##### **1. Advance Payments and Reimbursements**

- a. The non-Federal entity may be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity and financial management systems that meet the standards for fund control and accountability as established in this part. Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate case requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. The non-Federal entity must make timely payment to contractors in accordance with the contract provisions.

- b. Payment methods for non-Federal entities other than states, must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer or issuance/redemption of checks, warrants of payment by other means.
- c. When using the reimbursement method, the Federal awarding agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the Federal awarding agency or pass-through entity reasonable believes the request to be improper.
- d. Payments for allowable costs by non-Federal entity must not be withheld at any time during the period of performance unless the conditions of CFR 200.207 Specific conditions, Subpart D-Post Federal Award Requirements of this part, 200.338 Remedies for Noncompliance.

**2. Allowable Costs**

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

- a. Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- b. Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- c. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- d. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- e. Be determined in accordance with US generally accepted accounting principles, except as otherwise provided in 2 CFR 200.
- f. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period (2 CFR 200.306(b)).
- g. Be adequately documented (2 CFR 200.300 through 200.309).

**4.2 Annual Audits:**

An annual audit by the agency provider or a private accounting firm shall be made of all accounts of SEACAP. This audit will include recommendations from the auditors for improvement of the agency's fiscal practices. The results of this audit shall be communicated to all appropriate authorities.

## **5.0 Policies Relating to Purchasing Procedures:**

### **5.1 Methods for Procurement**

Procurements shall be made using one of the following methods: (a) small purchase procedures, (b) competitive sealed bids, (c) competitive negotiations, (d) non-competitive negotiation and shall be made in accordance with procedures set forth at 24 CFR § 84.44 (a)(1) through (a)(3) at a minimum.

#### **A. Small Purchases**

Purchases which cost between \$500 and \$1,000 will require three over-the-telephone quotations of rate, price, etc. A memorandum will be prepared setting forth the date calls were made, parties contacted and prices obtained. For purchases of less than \$500, efforts will be made to get the lowest and best price, but written records of such efforts are not necessary.

Purchases of supplies, equipment and services which cost between \$1,000 and \$10,000 will require written estimates but no legal advertisement is required. SEACAP will solicit written responses from at least three vendors, and if no such responses are available, a statement explaining the procurement will be prepared and filed.

#### **B. Competitive Sealed Bids**

Bidding will be employed when detailed specifications for the goods or services to be procured can be prepared and the primary basis for award is cost. When the cost of a contract, lease or other agreement for materials, supplies, equipment or contractual services exceeds \$10,000, an Invitation for Bids (IFB) notice will generally be prepared. This notice will be published at least once in the official newspapers of general circulation in Graham, Greenlee, Santa Cruz and Cochise Counties. This newspaper notice will appear not less than seven (7) days and not more than twenty-one (21) days before the due date for bid proposals. SEACAP may also solicit sealed bids from responsible prospective suppliers by sending them a copy of such notice.

The IFB will include a complete, accurate and realistic specification and description of the goods or services to be procured, payment and performance required, the location where bid forms and specifications may be secured, the time and place for opening bids, and whether the bid award will be made on the basis of the lowest price or the lowest evaluated price. If the lowest evaluated price is used, the measurable criteria to be used must be stated in the IFB. The newspaper notice must also contain language which calls to the attention of bidders all applicable requirements which must be complied with.

Sealed bids will be opened in public at the time and place stated in the IFBs. The bids will be tabulated by the Contract Manager at the time of bid opening. The results of the tabulation and the bid procurements will be examined for accuracy and completeness by the Executive Director who will make recommendations to the SEACAP Board of Directors. In addition, the Executive Director shall determine that all firms are responsive and responsible. The SEACAP Board of Directors will make the decision as to whom the contract shall be awarded. After the bid award is made by the SEACAP Board of Directors, a contract will be prepared for execution by the successful bidder. After the contract is signed, all remaining bids will be returned to all unsuccessful bidders.

SEACAP may cancel an Invitation for Bid or reject all bids if it is determined that such is in the best interests of SEACAP. Bidders will be notified in writing of such cancellation or rejection. SEACAP may allow a vendor to withdraw a bid if requested at any time prior to the bid opening. Bids received after the time set for bid opening shall be returned to the vendor unopened.

**C. Competitive Negotiations**

SEACAP will use competitive negotiations, regardless of contract amount, upon a written determination that:

1. Specifications cannot be made specific enough to permit the award of a bid on the basis of either the lowest bid or the lowest evaluated bid price (in other words, bidding is not feasible).
2. The services to be procured are professional in nature.

Competitive negotiations will proceed as follows:

- a. Proposals will be solicited through newspaper advertisement; additionally, a Request for Proposal (RFP) may be prepared and mailed to qualified vendors. The newspaper advertisement must be published at least seven (7) days and not more than twenty-one (21) days before the date for receipt of the proposals. The RFP will describe services needed and identify the factors to be considered in the evaluation of proposals and the relative weights assigned to each selection factor. The RFP will also state where further details regarding the RFP may be obtained. The RFP will call attention to the same regulations discussed in the bidding process. Requests for proposals will always include cost as a selection factor.
- b. Award must be made to the offeror whose proposal is determined in writing by the SEACAP to be the most advantageous to SEACAP. Evaluations must be based on the factors set forth in the Request for Proposal and a written evaluation of each response prepared. The SEACAP Board of Directors may contact the firms regarding their proposals for the purpose of clarification and record in writing the nature of the clarification. If it is determined that no acceptable proposal has been submitted, all proposals may be rejected. New proposals may be solicited on the same or revised terms or the procurement may be abandoned.

**D. Noncompetitive Negotiations**

Noncompetitive negotiations may be used for procurements in excess of \$10,000 when bidding or competitive negotiations are not feasible. SEACAP may purchase goods and services through non-competitive negotiations when it is determined in writing by the Executive Director that competitive negotiation or bidding is not feasible and that:

1. An emergency exists which will cause public harm as a result of the delay caused by following competitive purchasing procedures, or

2. The product or service can be obtained only from one source, or
3. Only one satisfactory proposal is received through RFP or RFQ, or
4. The state has authorized the particular type of noncompetitive negotiation

Procurement by noncompetitive negotiation requires the strictest attention to the observation of impartiality toward all suppliers. SEACAP must approve all procurements by non-competitive negotiation when only one supplier is involved or only one bid or response to an RFP/RFQ is received.

- E. Bids will be accepted only from those contractors who have a proven record of ability to successfully complete the scope of work being bid. References will be requested along with the contractor's bid proposal. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance and financial and technical resources in awarding contracts.

## 5.2 Contracts

Generally, all procurement in excess of \$200 will be memorialized and supported by a written contract. Where it is not feasible or is impractical to prepare a contract, a written finding to this effect will be prepared and some form of documentation regarding the transaction will also be prepared. The contractual provisions required by the "Common Rule," 24 CFR Part 84 Sections 47 and 48 and 24 CFR Part 92 Sections 504, 505 and all others as applicable will be included in all contracts. All contracts will contain language which allows SEACAP the opportunity to cancel any contract for cause. Said cause shall include (but not be limited to) demonstrated lack of ability to perform the work specified, unwillingness to complete the work in a timely fashion, failure to keep accurate and timely records of the job, or failure to make those records available to SEACAP (on request) or any other documented matter which could cause a hardship for SEACAP if a claim should arise or the work not be completed on schedule at the specified cost.

## 5.3 Documentation

All source documents supporting any given transaction (receipts, purchase orders, invoices, RFP/RFQ data and bid materials) will be retained and filed in an appropriate manner. Where feasible, source documents pertinent to each individual procurement shall be separately filed and maintained. Where it is not feasible to maintain individual procurement files, source documents will be filed and maintained in a reasonable manner (examples include chronologically, by vendor, by type of procurement, etc.). Whatever form of documentation and filing is employed, the purpose of this section is to ensure that a clear and consistent audit trail is established. At a minimum, source document data must be sufficient to establish the basis for selection, basis for cost, (including the issue of reasonableness of cost), rationale for method of procurement and selection of contract type, and basis for payment.

#### 5.4 Locally Owned, Minority-Owned, Female-Owned and Small Businesses

All necessary affirmative steps will be taken and documented to solicit participation of locally owned, minority-owned, female-owned and small businesses. SEACAP will solicit proposals from minority- or women-owned businesses that provide the goods or services that are being sought. Where possible and feasible, delivery schedules will be established and work will be subdivided to maximize participation by small businesses or minority- or women-owned businesses. Subdivided components will be bid as a separate contract. Where feasible, evaluation criteria will include a factor with an appropriate weight for these firms. A list of locally owned, minority-owned, female-owned and small businesses and also minority businesses located within the trade region shall be maintained and used when issuing IFBs, RFPs and RFQs. This list shall also be consulted when making small purchases. SEACAP will use the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce. The successful bidder will be required to use this same criteria in selection of suppliers and subcontractors whenever possible.

#### 5.5 Code of Conduct

##### **A. Conflict Of Interest**

No Southeastern Arizona Community Action Program, Inc. member, employee, consultant, elected official, appointed official or designated agent of SEACAP will take part or have an interest in the award of any procurement transaction if a conflict of interest, real or apparent, exists. A conflict of interest occurs when the official, employee or designated agent of SEACAP, partners of such individuals, immediate family members, or an organization which employs or intends to employ any of the above has a financial or other interest in any of the competing firms.

No Southeastern Arizona Community Action Program, Inc. member, employee or designated agent of SEACAP may acquire a financial interest in or benefit in any way from any activity which uses any portion of any funding, nor shall they have any interest in any contract, subcontract or agreement for themselves or any family members.

NOTE: These rules apply to all named parties and shall be effective for the period of service and for one year after leaving said position (or office, in the case of elected officials).

##### **B. Acceptance of Gratuities**

No Southeastern Arizona Community Action Program, Inc. member, employee or designated agent of SEACAP shall solicit or accept gratuities, favors or anything of monetary value from contractors, potential contractors, subcontractors or potential subcontractors.

## **C. Penalties**

Any Southeastern Arizona Community Action Program, Inc. member, employee or designated agent of SEACAP who knowingly and deliberately violates the provisions of this code will be subject to disciplinary action up to employment termination. Furthermore, such a violation of these procurement standards is grounds for dismissal by SEACAP (if an employee) or such sanctions as available under the law (if an elected official).

Any contractor or potential contractor who knowingly and deliberately violates the provisions of these procurement standards will be barred from future transactions with SEACAP.

## **6.0 Policies Relating to Authorization of Signatures:**

### **6.1 By-Laws:**

The by-laws of SEACAP shall designate who shall sign financial documents in order to expedite the agency's business affairs.

### **6.2 SEACAP Grant Applications:**

Contracts and other legal documents (leases, etc.) shall require two (2) signatures.

All grant applications and contracts shall require the signature of the Board President (or his/her designee) and the Executive Director (or his/her designee).

### **6.3 SEACAP Checks:**

All checks shall be signed by the Fiscal Manager and the Executive Director (or designee).

### **6.4 Leases and Other Contracts:**

The Executive Director is authorized to approve and sign all leases and contracts necessary to transact routine SEACAP business affairs (such as janitorial services or personal services contracts) that are included in the Board approved operating budget.

## **7.0 Authority to Borrow or Invest Funds:**

### **7.1 Borrowing Funds – SEACAP:**

The Executive Director shall be authorized from time to time to borrow funds from banks or other state approved lending institutions upon approval of a request and written justification prepared by the Executive Director and presented to the Executive Board. The Executive Board may then act upon the request or amend the request and present its decision at the following meeting of the Board of Directors.



## **8.0 Policies Relating to Selecting a Bank Depository:**

### **8.1 Bids May Be Advertised:**

Bids from a bank depository may be advertised by the Fiscal Manager in a regional newspaper(s) over a two (2) week period. The bank may be selected for a two (2) year period commencing on January 1 and ending two (2) years later on December 31.

### **8.2 Bid Application Format:**

The bid application may contain, at minimum, the following information:

- A. Statement showing the financial condition of the bank at the date of the application, including the current surplus and paid-in capital.
- B. A depository contract assuring one hundred (100%) percent pledging of municipal and/or federal securities at current market value for all (time and demand) deposits so made during the contract period and include the rate of interest to be paid on time deposits.

## **9.0 Fiscal Responsibility:**

### **9.1 General Responsibilities:**

SEACAP personnel must realize that they (individually or collectively) have a responsibility to utilize the Agency's assets in the most efficient manner possible and to guard against loss of the Agency's assets whether due to error or fraud. The SEACAP accounting system has a built-in internal control procedure to assist personnel in fulfilling these fiscal responsibilities. The internal control procedures are designed to help safeguard the Agency's assets against loss, to promote operational efficiency and to encourage adherence to management policies. It is important that the internal controls be fully adhered to so that a high level of fiscal integrity can be maintained.

A satisfactory system of internal control includes the following characteristics:

- A. A plan of organization, which provides appropriate segregation of financial responsibilities.
- B. A system of authorization and record procedures, which is adequate to provide reasonable accounting control over assets, liabilities, revenues and expenses.
- C. Sound practices to be followed in performance of duties and functions of each of the organizational units.
- D. Personnel with abilities commensurate with responsibilities. The degree to which financial responsibilities are segregated will vary from agency to agency, depending on the number of personnel operating the system. For large agencies complete segregation of financial responsibilities will be possible. Smaller agencies with fewer personnel will not be able to completely segregate financial responsibilities. For all agencies it is extremely important that the system be operated by reliable people and that management give it adequate attention and routine review.

9.2 Receipt of Checks – Internal Controls:

The following internal control procedures for the receipt of checks are to be observed, including segregation of duties to the extent that there are personnel available:

- A. Incoming mail will be opened by someone who does not have access to accounting records.
- B. A log, independent of other incoming mail, will be maintained by the SEACAP Secretary for all deposits. This log will be verified with the cash receipts journal after reconciliation of bank statements.
- C. Check receipts will be recorded in the accounting records at the earliest possible time.
- D. Check receipts will be deposited daily and intact.
- E. Upon receipt, all check will be endorsed **FOR DEPOSIT ONLY**.
- F. Bank reconciliation will be prepared monthly by the Fiscal Manager.
- G. Persons handling checks may not have access to the accounting records, nor may personnel in accounting have access to checks.

9.3 Petty Cash – Internal Control:

The following internal controls procedures are to be observed in connection with petty cash:

- A. When the fund is established or increased, a check is made payable to the Office Manager for the authorized amount.
- B. The Fiscal Manager will examine the petty cash fund at unannounced times to ascertain that the cash on hand plus the disbursement vouchers equal the authorized amount of the fund.
- C. The petty cash box will be locked at all times and only the Office Manager will have access to it.
- D. Petty cash vouchers will be prenumbered.
- E. Petty cash will be reimbursed to the limit established each month or when depleted, which ever comes first.

9.4 Cash Disbursement – Internal Controls:

The following internal controls procedures are to be observed in connection with each disbursement:

- A. All disbursements will be made by check, except for minor disbursements which may be made from petty cash.
- B. The person responsible for keeping the accounting records will not have the authority to sign checks.

- C. Checks will be countersigned by at least one (1) Board member (or designee) and Executive Director (or designee).
- D. Supporting documents will be appropriately stamped **“PAID”** after the checks are signed by the use of a stamp that will provide spaces for check number, amount and date of payment.
- E. Checks will be prenumbered and safeguarded until used, and will not be signed **“BLANK”**.
- F. Signed checks will not be returned to the person preparing the check but will be mailed to the payees by someone other than the person who prepared the checks.
- G. Regular monthly bank reconciliations will be prepared.

9.5 Cash Advancement – Internal Control:

The following internal control procedures for cash advancements to employees are to be observed.

With approval from the Executive Director, an employee may request cash advances for the following purposes:

- A. Travel advances.
- B. Tuition expenses when courses qualify for and are approved for agency reimbursement.
- C. Short-term payroll advances.

In all cases, Agency funds advanced to employees must be set up in the financial records as an account receivable from the employee until such time that funds are collected from the employee or proper documentation is submitted showing evidence of purchase and goods/services authorized.

## 10.0 SEACAP Account Structure and Operation:

### Chart of Accounts:

The chart of accounts is designed for classification of accounts by fund. In addition, the account-coding scheme contains an inherent flexibility for both expansion and contraction. Expansion might occur, for example, in the form of refining expense accounting by creating two (2) separate expense accounts out of a single account which previously received charges of two (2) different types. It might occur as a result of the Agency’s having been awarded new grants or having been charged with new responsibility to manage developmental grants requiring the creation of new fund entities. Contraction might occur in a converse manner.

The chart of accounts is a listing of all accounts that could appear in the General Ledger or Financial Statement. Typically, a chart of accounts will list all accounts currently in use and those which are currently inactive but likely to be used.