

# Financial Policies and Procedures Manual

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## **Northern Area Local Workforce Development Board (NALWDB)**

### **Introduction and Purpose**

This manual documents the financial procedures of the Northern Area Local Workforce Development Board, herein after referred to as "NALWDB". NALWDB is an organization whose mission is to administer and implement Workforce Innovation and Opportunity Act (WIOA) activities in the Northern Areas of New Mexico to include Cibola, Colfax, Los Alamos, McKinley, Mora, San Juan, Rio Arriba, San Miguel, Santa Fe, and Taos County. The Chief Elected Officials (CEOs) of these counties have designated a Fiscal Agent to be the Local Subgrant Recipient/Fiscal Agent.

Some financial functions are performed by the Fiscal Agent whereas others are performed by the Finance Specialist. This manual will identify and describe all financial processes and indicate who is responsible for their execution.

The contents of this manual were approved as official policy by the NALWDB Board of Directors. NALWDB staff, contractors, and the Fiscal Agent are bound by the policies herein, and any deviation from established policy is prohibited.

## **1. General Practices and Procedures**

### **1.1 Organizational Structure**

The Northern Area Local Workforce Development Board (NALWDB) is governed by its Board of Directors and Chief Elected Officials (CEOs). The Board is responsible for the oversight of workforce development activities across the four-county region. Key responsibilities include:

- Strategic planning and future forecasting
- Establishment of broad organizational policies
- Identification and proactive management of emerging issues
- Interpretation and communication of the organization's mission to the public
- Outreach to potential contributors and partners
- Selection and contracting of the Executive Director
- Oversight of programs and systems to ensure compliance with the terms of grants and contracts

The Board is solely responsible for the appointment and periodic evaluation of the Executive Director, who manages the daily operations of NALWDB staff and activities. Specific governance provisions, including board composition and elections, are outlined in NALWDB's bylaws.

## 1.2 Financial Oversight Structure

While NALWDB does not have a traditional accounting department due to its size, financial operations are overseen by the following roles:

- Executive Director: Lisa Ortiz
- Finance Specialist: Brittany Valencia
- Fiscal Agent: Rick Sandoval, Zlotnick & Sandoval CPA
- Finance Committee Chair: Pablo Lujan
- Rules Committee Chair: David Romero

## 2. Accounting Office Responsibilities (Revised)

NALWDB's accounting responsibilities are conducted by the Executive Director, Finance Specialist, and the designated Fiscal Agent. These responsibilities are implemented in alignment with 2 CFR Part 200 and WIOA fiscal requirements to ensure strong internal controls, transparency, and proper stewardship of federal funds.

Key responsibilities include:

- **General Ledger Management and Budgeting**  
Maintenance of a double-entry general ledger accounting system that records all financial transactions, including approved budgets, amendments, and encumbrances.
- **Cash Management and Disbursements**  
Cash drawdowns and disbursements are conducted in accordance with 2 CFR § 200.305, ensuring that federal funds are drawn on an as-needed basis and disbursed promptly for allowable program costs.
- **Asset and Property Management**  
Tracking and safeguarding of all tangible personal property purchased with federal funds, including regular inventory reviews and disposition in compliance with 2 CFR § 200.313.
- **Grants and Contracts Administration**  
Ensures proper financial oversight of subrecipient contracts, including budget tracking, invoicing, allowable cost verification, and compliance with 2 CFR Subpart D (including §§ 200.330–200.332).
- **Procurement and Purchasing**  
All procurement activities must comply with NALWDB's procurement policies and 2 CFR § 200.317–200.327. Purchases require proper authorization and must be necessary, reasonable, and allocable to the program.
- **Accounts Payable and Receivable**  
Maintenance of accurate records of obligations and receivables. Invoices are reviewed for allowability, allocability, and reasonableness prior to payment.
- **Payroll and Fringe Benefits**  
Payroll is processed in accordance with NALWDB personnel policies and 2 CFR §

200.430–431. Time and effort documentation is required for all staff paid with federal funds.

- **Financial Reporting and Statements**  
Preparation of monthly financial reports, quarterly WIOA financial reports, and year-end audited financial statements in accordance with federal and state guidelines.
- **Bank and Sub-ledger Reconciliations**  
Monthly reconciliation of bank accounts and sub-ledgers (accounts payable, receivable, payroll, etc.) to the general ledger.
- **Compliance Monitoring and Internal Controls**  
Adherence to 2 CFR § 200.303 by establishing effective internal controls. Includes segregation of duties, routine monitoring, audit preparedness, and fraud prevention.
- **Annual Independent Audit Coordination**  
NALWDB facilitates and provides full cooperation for the annual Single Audit (2 CFR § 200.501) and resolves audit findings in a timely and documented manner.
- **Management of Leases and Insurance**  
Oversight and renewal of all lease agreements and maintenance of comprehensive insurance coverage (e.g., liability, property, fidelity bond) as required.

### 3. Fiscal Year

The Northern Area Local Workforce Development Board (NALWDB) operates on a fiscal year beginning July 1 and ending June 30. This fiscal period is used for all financial reporting, budgeting, and program management activities in alignment with state and federal requirements.

### 4. Record Security and Storage

NALWDB follows strict procedures for safeguarding financial records:

- **Audited files** over one year old are stored securely at the NALWDB administrative office for five years.
- **Current-year and unaudited files** are maintained by the Finance Specialist.
- **Digital storage** is performed by a secure offsite backup system that allows recovery of files in the event of loss or disaster.
- **Vendor files** (invoices and payment documentation) are kept for one year or until the audit is completed. Upon audit closure, paper files are stored at the main office for an additional five years.

Access to records is limited to authorized personnel only.

### 5. Record Retention Policy



NALWDB retains records in accordance with federal retention schedules, including 2 CFR § 200.334, and applicable New Mexico statutes. Records involved in any pending litigation, claim, or audit are retained until all issues are fully resolved.

## **6. General Ledger and Chart of Accounts**

### **6.1 General Ledger**

The general ledger serves as the central repository for all financial transactions of the Northern Area Local Workforce Development Board (NALWDB). It is the primary source for preparing accurate financial statements and reports. Each transaction is recorded through double-entry accounting and supported by subsidiary ledgers that provide detailed information for specific accounts (e.g., accounts payable, accounts receivable, payroll).

The general ledger provides the foundation for:

- Accrual-based financial reporting in compliance with 2 CFR § 200.302(b)(2)
- Timely and accurate tracking of grant expenditures, obligations, and drawdowns
- Audit readiness and transparency
- Reconciliation of subledgers and bank accounts

NALWDB's financial management system ensures that the general ledger can produce reliable financial reports for each federal award, including budget comparisons, and that these reports are maintained and available for review.

### **6.2 Chart of Accounts Overview**

The chart of accounts (COA) is the structured framework that organizes and categorizes all financial activity. It consists of account titles and numerical codes used to track and classify assets, liabilities, net assets, revenues, and expenditures. The chart of accounts supports:

- Budgetary control
- Grant-specific tracking
- Program and fund classification in accordance with cost principles outlined in 2 CFR Part 200 Subpart E
- Reporting under the Uniform Guidance and WIOA requirements

NALWDB's chart of accounts consists of five primary account types:

## ***1. Assets***

Assets are economic resources controlled by NALWDB expected to benefit future operations. These are classified as:

- **Current Assets:** Cash, grants receivable, and other resources expected to be used or converted to cash within one year.
- **Fixed Assets:** Tangible property with a useful life exceeding one year (e.g., furniture, equipment).
- **Contra-assets:** Accounts that offset asset values, such as accumulated depreciation.
- **Other Assets:** Long-term deposits or investments not expected to be liquidated within a year.

## ***2. Liabilities***

Liabilities represent obligations to transfer assets or provide services resulting from past transactions. They are classified as:

- **Current Liabilities:** Obligations due within one year (e.g., accounts payable, accrued expenses, short-term loans).
- **Long-term Liabilities:** Obligations due beyond one year (e.g., long-term lease obligations).

## ***3. Net Assets***

Net assets represent the residual interest in NALWDB's assets after liabilities are deducted. Net assets are further classified in accordance with donor-imposed restrictions (i.e., unrestricted, temporarily restricted, or permanently restricted).

## ***4. Revenues***

Revenues are inflows of assets from NALWDB's core functions. Revenue sources include:

- WIOA formula and discretionary grants
- Contributions from donors
- Lease income or cost reimbursements
- Other government or foundation funding

## ***5. Expenses***

Expenses are the outflow of assets or incurrence of liabilities in support of NALWDB operations. All costs must be:

- Allowable under 2 CFR § 200 Subpart E
- Allocable to the correct funding stream or program
- Reasonable and necessary to carry out grant objectives

## 6.3 Chart of Accounts Management

### *Distribution and Access*

All NALWDB staff and contractors involved in budgetary or financial coding responsibilities will be issued the current chart of accounts. Updates to the chart are distributed promptly to ensure accuracy in financial reporting and compliance.

### *Maintenance and Changes*

The Finance Specialist is responsible for monitoring and controlling the chart of accounts. This includes:

- Creating new accounts based on grant requirements, program changes, or audit recommendations
- Deactivating or modifying accounts is no longer in use
- Ensuring consistency with WIOA funding streams and internal reporting standards

No additions, deletions, or other changes to the chart of accounts may be made without prior written approval from the Finance Specialist.

## 7. Revenue Recognition and Cash Receipts

The Northern Area Local Workforce Development Board (NALWDB) was incorporated in 2001 as a nonprofit 501(c)(3) to operate as the Administrative Entity (AE) for workforce funds in the ten (10) northern New Mexico counties:

### 7.1 Revenue Recognition Policies

NALWDB receives federal funds primarily through the Workforce Innovation and Opportunity Act (WIOA), administered by the U.S. Department of Labor. Revenues are recognized in accordance with accrual-based accounting standards and 2 CFR § 200.302(b)(2).

Revenue is as follows:

1. **Grant Income** – For cost-reimbursement awards, revenue is recognized monthly based on the incurrence of allowable costs. For fixed price, unit-of-service, or milestone-based awards, revenue is recognized per the terms of the agreement.
2. **Unrestricted Contributions** – Recognized as income when received unless donor-imposed restrictions apply.
3. **Immaterial Revenues** – May be recognized on a cash basis at the discretion of the Finance Specialist.

NALWDB reviews all revenue categories quarterly to ensure compliance with allowable cost principles and Uniform Guidance.

## 7.2 Classification of Income and Net Assets

All revenue is classified as one of the following:

- **Unrestricted** – General funds available for operations.
- **Temporarily Restricted** – Grants or donations that must be used for a specific purpose or within a designated timeframe.
- **Permanently Restricted** – Endowment or donor-designated funds that must remain intact.

Funds with expired restrictions are reclassified from temporarily restricted to unrestricted in NALWDB's financial reports.

**Board-Designated Funds:** The Board may designate unrestricted funds for specific uses. These are tracked separately but retain their unrestricted classification.

## 7.3 Cash Receipts and Internal Controls

Cash and check receipts are subject to stringent internal controls:

- **Check Handling:** All checks payable to NALWDB are immediately restrictively endorsed using a stamp that reads:

For Deposit Only  
NALWDB  
First National Bank of Santa Fe  
[NALWDB Account Number]

- **Deposit Timeliness:** Deposits are made as soon as practicable. All electronic fund transfers are deposited into NALWDB's designated account at First National Bank of Santa Fe, a Division of Sunflower Bank.
- **Centralization of Receipts:** Cash and check payments received at the office are logged and forwarded to the Fiscal Agent promptly.

NALWDB complies with all applicable federal, state, and grant-specific cash management rules under 2 CFR § 200.305.

## 8. Expenditures and Disbursements

### 8.1 Purchasing Policies and Procedures (Enhanced for Compliance)

## **Overview**

The following purchasing policies apply to all procurements made by the Northern Area Local Workforce Development Board (NALWDB), including those funded with state or local funds. Additional requirements specific to federal awards are described under “Procurement Under Federal Awards.” These procedures are intended to ensure full compliance with:

- 2 CFR §§ 200.317–200.327 (Uniform Guidance)
- New Mexico Administrative Code (NMAC) Title 1, Chapter 4 (Procurement Code Regulations)
- Workforce Innovation and Opportunity Act (WIOA), Section 184(a)(3)(A)
- New Mexico State Procurement Code (NMSA 1978, Section 13-1-1 et Seq.)

NALWDB maintains ethical, transparent, and cost-effective procurement practices. All staff must adhere to these principles and procedures in their purchasing responsibilities. These procedures are supported by the internal controls policy in Section X of this manual, which includes segregation of duties, supervisory review, and audit trail retention as required by 2 CFR § 200.303.

## **Record-Keeping for Independent Contractors**

NALWDB and its Fiscal Agent are required to obtain a completed IRS Form W-9 or equivalent from all vendors before issuing payment. The Finance Specialist tracks all vendors for whom IRS Form 1099 reporting is required and ensures compliance with Internal Revenue Service guidelines. All procurement records shall be retained for a minimum of three years from the date of the final expenditure report or final closeout, per 2 CFR § 200.334.

## **Responsibility for Purchasing**

The Executive Director is authorized to initiate and approve purchases. This authority may be delegated in writing to qualified personnel, whose names must be submitted to the Fiscal Agent. A current list of authorized purchases is maintained. All purchases must be supported by a signed request or purchase order.

## **Non-Discrimination Policy**

All vendors and contractors must:

1. Not discriminate based on race, color, religion, sex, sexual orientation, national origin, age, disability, or political affiliation, consistent with WIOA Sec. 188 and 29 CFR Part 38.
2. Post Equal Opportunity notices conspicuously at worksites.

Language in all solicitations must meet federal equal opportunity requirements.

## **Authorization and Purchasing Limits**

All purchasing activities of the Northern Area Local Workforce Development Board (NALWDB) shall be conducted in accordance with the New Mexico Procurement Code (NMSA 1978, §13-1-28 through §13-1-199), State Procurement Rules (2.40.1 NMAC), and applicable federal regulations under 2 CFR §200.317–§200.326.

Purchases and contractual commitments may be authorized only by individuals with delegated purchasing authority as designated by the Executive Director and approved by the NALWDB Board of Directors. No employee, contractor, or agent may obligate NALWDB funds without proper authorization.

### **Procurement Thresholds and Requirements**

<b>Purchase Category</b>	<b>Dollar Threshold</b>	<b>Procurement Method</b>	<b>Required Approval</b>
Direct Purchases	Up to \$5,000	Purchase may be made directly when price is reasonable, and funds are budgeted	Executive Director
Small Purchases	\$5,000 – \$24,999	At least three oral or written price quotations	Executive Director and Board approval
Intermediate Purchases	\$25,000 – \$59,999	At least two written quotations, with selection documented based on best value	Executive Director and Board approval
Large Purchases / Formal Procurement	\$60,000 or more	Competitive proposals from at least three responsible vendors; sealed bids when required	Executive Director and full Board approval

All contracts exceeding \$5,000 must be approved by both the Executive Director and the NALWDB Board of Directors prior to execution. The Board may utilize New Mexico State Price Agreements or GSA Schedules where feasible to streamline procurement and maintain compliance with state and federal requirements.

All procurement actions must be reasonable, necessary, allowable, and allocable under WIOA Title I and 2 CFR §200.403–§200.405, with complete documentation maintained in the official fiscal records.

### **Solicitation Requirements**

Public Solicitations must include:

1. A clear, non-restrictive technical description
2. Required qualifications and evaluation criteria
3. Function- or performance-based specifications
4. "Brand name or equal" clauses if applicable
5. Environmental and energy efficiency considerations
6. Submission instructions and format
7. Due date for proposal submissions
8. Delivery or performance schedules
9. Quantity and unit of measure details

**Extensions & Late Proposals:** Deadline extensions are permitted with justification. Late proposals are marked "Late Proposal," remain unopened, and are retained in the procurement file. Vendors are notified of disqualification.

**Debriefing of Unsuccessful Offerors:** Upon request, NALWDB will offer debriefings to vendors whose proposals were not selected to provide feedback and promote fair competition.

### **Evaluation of Alternative Vendors**

Evaluation criteria may include:

- Methodology and technical quality
- Personnel qualifications
- Organizational experience
- Compliance with solicitation requirements
- Financial stability
- Sector knowledge or alignment
- MWBE (Minority/Women-Owned Business) status
- Cost and timeline

Scoring documentation must be retained for audit purposes. Evaluation committee members must certify that no conflict of interest exists. Final selection requires Executive Director approval. Contracts must include performance milestones and quarterly progress reporting.

### **Affirmative Efforts for Minority Women Business Enterprises**

In alignment with 2 CFR § 200.321 and WIOA diversity goals, NALWDB promotes participation of:

1. Small, minority-owned, and women-owned businesses
2. Vendor consortia when one firm alone cannot fulfill the requirement
3. SBA and MBDA assistance to identify eligible vendors
4. Advance notice of opportunities to MWBEs

## Procurement Under Federal Awards

All federal fund procurements are governed by 2 CFR Part 200 and the New Mexico Procurement Code (NMSA 1978, Section 13-1-1 et seq.). Specific compliance requirements include:

1. Documented justification that purchases are necessary and reasonable under 2 CFR § 200.403
2. Lease vs. purchase analysis where applicable
3. Cost or price analysis documentation for every procurement action in accordance with 2 CFR § 200.324
4. Procurement records for purchases exceeding the Simplified Acquisition Threshold (currently \$250,000 per FAR):
  - Basis for vendor selection
  - Justification for lack of competition (if applicable)
  - Determination of cost reasonableness
5. Verification of vendor status on SAM.gov (not suspended or debarred)
6. Written certification from the vendor confirming compliance with federal contracting restrictions
7. Allocation of costs to appropriate funding streams per 2 CFR § 200.405

All procurement files must be made available upon request by the awarding agency or auditors.

## Conflict of Interest

NALWDB adheres to 2 CFR § 200.318(c)(1):

- No employee, officer, or agent may participate in procurement if they, their family, or business associates have a financial or other interest in a selected vendor.
- Disclosure and mitigation steps must be documented and retained.

## Special Purchasing Conditions

- **Emergencies:** Competitive quotes are not required if immediate procurement is necessary to protect life, safety, or property.
- **Sole Source:** Permitted only with written justification that no other vendor can meet the specification. The justification must be reviewed and approved by the Executive Director. Per: NMSA 1978, § 13-1-126 “Sole Source Procurement.”  
This statute defines sole source procurement as a contract “awarded without competition when there is only one source for the required service, construction, or item of tangible personal property.” It also requires written justification and approval before purchase.
- New Mexico Administrative Code (NMAC):  
1.4.1.51 NMAC – Sole Source Procurement.  
This rule outlines the procedural requirements, including documentation, public notice, and approval steps that must be taken when designating a procurement as sole source.



- Federal Alignment:  
Under 2 CFR § 200.320(c)(4), noncompetitive (sole source) procurement is allowable only when a single source is justified and documented, aligning with state provisions.
- 

All special condition purchases must be fully documented and retained in the procurement file for audit and compliance purposes. Per NMAC 5.21

#### **1.5.21.9 - COMMENCEMENT OF LEASE PROCESS**

A. Competitive sealed proposals: Except to the extent that this rule conflicts with the Procurement Code and except for leases excluded by this rule from the requirement of solicitation through competitive sealed proposals, all leases shall be solicited in accordance with the Procurement Code and applicable GSD regulations.

B. **Property Control Division (PCD)** notice to agency: Approximately one year prior to the expiration of an existing lease, PCD will notify an agency that its lease is due to expire and will direct the agency to perform procedures required by this rule.

##### **1. Lease Renewal and PCD Notification Procedures**

In accordance with **2.42.3.9(A) NMAC**, the Property Control Division (PCD) will notify the NALWDB approximately one (1) year prior to the expiration of an existing lease. Upon receipt of this notice, the NALWDB shall:

- Acknowledge receipt of the notification.
- Conduct a review of current space utilization and future program needs.
- Determine whether to request lease renewal, modification, or relocation.
- Submit all required lease documentation, justification, and cost estimates to PCD for review and approval; and
- Ensure that no lease renewals or new agreements are executed without prior written approval from PCD, consistent with **2.42.3 NMAC** and **NMSA 1978, § 15-3B-1 et seq.**

C. Drafting the RFP: The agency shall initiate the lease process for office or warehouse space by submitting a space needs questionnaire (GSD form) to PCD. PCD will prepare the RFP draft to be considered by the selection committee. For new leases, the agency should begin the RFP process six (6) to eighteen (18) months prior to occupancy, depending on the size of the facility.

D. Selection committee: The selection committee is chaired by a PCD staff person, who shall guide the RFP process to conform with this rule, provide lease process expertise to the agency members, and vote in the case of a tie. The selection committee will remain in effect until a lease is signed, and the performance bond is returned to the lessor.

E. Agency cost ceiling (GSD form): The agency shall submit its agency cost ceiling, as defined in 1 NMAC 5.21.7.2, on the proper GSD form to PCD at the same time as it submits its space

needs questionnaire. Thereafter, if the agency changes its cost ceiling for any reason, the agency shall notify PCD immediately using the proper GSD form.

F. RFP review: PCD will review an agency's proposed RFP and will require changes when the RFP is prepared incorrectly. PCD will return the proposed RFP to the agency for revisions.

G. RFP approval: PCD will review the selection committee's recommendations and return the final approved RFP to the agency.

H. Bid bond: A bid bond is bid security in the dollar amount of five percent (5%) of the agency cost ceiling, not to exceed \$2,000. Submittal of a bid bond is required with submittal of the lease proposal form. Form and sufficiency of the bid bond is subject to PCD approval.

#### **1.5.21.10 (C) Advertising**

The agency shall advertise in the “legal notice” section of a local newspaper, in the area in which proposals are requested, at least once within the week prior to release of the RFP. The agency should utilize the standard public notice (GSD form) for its advertisement.

### **8.2 Accounts Payable Management (Enhanced for Compliance and Oversight)**

#### **Overview**

The Northern Area Local Workforce Development Board (NALWDB) is committed to maintaining strong financial stewardship through efficient accounts payable practices, effective cost control, and internal compliance measures. A well-managed accounts payable function ensures compliance with:

- 2 CFR § 200.302 (Financial Management)
- 2 CFR § 200.303 (Internal Controls)
- New Mexico Administrative Code (NMAC) Title 2, Chapter 2 (Audit Rule)

This policy governs the procedures for processing and paying valid obligations of NALWDB, ensuring accurate accounting, timely payments, and appropriate approvals.

#### **Board Member Expense Approvals**

Any expenses incurred by NALWDB Board members while conducting official board business must be:

- Pre-approved by the Board if the expense or estimate exceeds \$150.00; and
- Approved by the Board prior to reimbursement or payment.

No reimbursement shall be issued without full documentation and proper approvals.

#### **Segregation of Duties and Recording Practices**

To ensure the integrity of the accounts payable process:

- The recording of expenses and liabilities is performed by personnel independent of the purchasing or receiving functions.
- Transactions are recorded based on original vendor invoices, supported by an Accounts Payable Approval Form.

- The Executive Director is responsible for reviewing, authorizing, and forwarding approved invoices to the Finance Specialist for payment.

NALWDB maintains an internal control structure that separates the duties of recording, approving, and disbursing funds. The Finance Specialist is responsible for recording expenses and liabilities; the Executive Director approves transactions; and the Fiscal Agent processes disbursements. These practices align with 2 CFR 200.303(a) and are designed to minimize risk of fraud or error through proper segregation of duties.

The Financial Manual will be updated to:

- Reflect the continued assignment of recording responsibilities to a designated finance staff member.
- Reinforce the segregation of duties between the Finance Specialist (recording), Executive Director (approval), and Fiscal Agent (disbursement).
- Include a visual segregation of duties chart to enhance transparency and audit readiness.
- Detail the step-by-step process flow from invoice intake through payment issuance.

These updates will be completed and distributed to staff as needed to reflect changes in federal, state, or local policy, and will be supported by internal training to ensure consistent understanding and application

### **Core Objectives**

The primary objectives of accounts payable and disbursement management are to:

1. Ensure all disbursements are properly authorized.
  2. Process all invoices in a timely and accurate manner, generally within ten (10) business days of receipt by the Accounts Payable Department, or within the same billing cycle in which the goods or services were received, unless otherwise specified by contract or funding source requirements.
  3. Maximize the use of vendor credit terms and operating cash.
- **Recording of Accounts Payable**
    - All valid transactions with complete supporting documentation are recorded promptly.
    - Accounts payable are entered weekly based on original invoices or authorized disbursement vouchers.
    - Duplicate invoices may only be processed after confirmation that payment has not already been made.
- Vendor statements alone are not considered sufficient documentation for payment processing and shall not be accepted or processed for payment.

Each payment request must include the following minimum supporting documentation deemed sufficient:

1. **Original itemized invoice** from the vendor identifying the goods or services provided, dates of service, quantities, and unit costs.

2. **Approved purchase order** or contract authorization, verifying that the expenditure was properly encumbered and approved in advance in accordance with NALWDB procurement policies.
3. **Receiving report or equivalent verification** confirming that goods or services were received in satisfactory condition and in accordance with the terms of the purchase.
4. **Any other supporting documentation** as required by the funding source, grant agreement, or applicable policy (e.g., travel authorization, conference agenda, or subcontractor report).

All supporting documentation shall be reviewed and approved by authorized staff prior to payment to ensure compliance with the New Mexico State Fiscal Accountability Act (NMSA 1978, § 6-6-11), Uniform Guidance (2 CFR § 200.403-.405, § 200.302, and § 200.404)

### **Period-End Cut-Off**

To ensure accurate financial reporting:

- Invoices for goods/services delivered during a quarter must be received and approved—with all required documentation—by the tenth business day of the following month to be recorded in that reporting period.

### **Voucher Processing Procedures**

Each disbursement voucher shall be processed using the following steps:

1. Verify the mathematical accuracy of the vendor invoice.
2. Attach a completed Accounts Payable Approval Form.
  - Include general ledger account coding based on the current Chart of Accounts.
  - Obtain approval signatures from the appropriate department director or designee.

Department director approval confirms:

- Goods/services were received in acceptable condition.
- The vendor invoice terms are accurate.
- Account coding is appropriate.
- Payment is authorized in full.

Approval must be documented through initials or digital/physical signatures.

### **Prompt Payment Discounts**

Where available, NALWDB will take advantage of vendor-offered prompt payment discounts. Payments will be scheduled to maximize discount benefits, provided all documentation is complete and funds are available.

### **Employee Expense Reimbursements**

Reimbursements for allowable expenses, including travel, business meals, and board-approved costs, will be made only when:

- A properly completed and signed expense reimbursement form is submitted.
- Original itemized receipts are attached.
- The business purpose of the trip or meeting is clearly documented.

Employee reimbursements shall be processed during the next scheduled weekly accounts payable cycle, contingent upon receipt of a complete and properly documented expense report.

Before payment is issued, the fiscal agent shall verify the availability of funds within the appropriate account, grant, or funding stream to ensure compliance with approved budgets and fiscal limits.

All employee expense reports must be reviewed and approved by the Executive Director prior to payment. The Executive Director's own expense report must be reviewed and approved by the Board Chair, Chief Elected Official (CEO), or a designated supervisor to maintain separation of duties and fiscal oversight.

The weekly reimbursement process ensures that employees are repaid promptly, typically within the same week the expense report is approved, while maintaining adherence to fiscal controls and compliance standards. Under this process, waiting for reimbursement does not create financial hardship for employees.

This policy is adopted pursuant to the following authorities:

- **2 CFR § 200.302** – *Financial Management*
- **2 CFR § 200.303** – *Internal Controls*
- **2 CFR §§ 200.403–405** – *Allowable, Reasonable, and Allocable Costs*
- **NMAC 1.4.1** – *Procurement Code Regulations (State of New Mexico)*
- **NMSA 1978, § 6-6-11** – *State Fiscal Accountability Act*

These provisions collectively require that all expenditures be properly authorized, supported by documentation, and limited to available funds within the current fiscal year.

### **Use of NALWDB Credit Card**

NALWDB credit cards may only be used by authorized personnel for business-related expenses that comply with NALWDB's procurement and financial policies.

Before any purchases is made using a credit card, a Credit Card Authorization Form must be completed and submitted to Executive Director for approval.

**Prohibited Use:** Use of a NALWDB credit card for personal expenses—regardless of intent to reimburse, is strictly prohibited and subject to disciplinary action.

Cardholders must:

- Submit itemized receipts with credit card statements.
- Document the business purpose for each transaction.
- Follow all documentation and reconciliation requirements established by the Finance Office.
- Use the credit card only for necessary and reasonable expenses that comply with Uniform Guidance 2 CFR 200.403 and 200.474.

- Obtain pre-approval from the Executive Director for all credit card purchases. (see form)
- All credit card transactions must be reconciled monthly, with original itemized receipts, supporting documentation, and written justifications submitted to the fiscal agent within five (5) business days of the statement close.

If an item purchased with a program credit card is returned or exchanged, the credit or refund must be documented on the reconciliation and verified by the fiscal agent. The employee is not personally liable for the cost of an item that has been properly returned or exchanged, provided that:

- The return or exchange is conducted in accordance with organizational policy and the vendor's return procedures; and
- The refund or credit is accurately recorded and credited back to the same funding source or cost category.

The purchaser remains responsible for ensuring that the return is fully documented, that the receipt and credit memo are attached to the monthly reconciliation, and that no uncredited or unallowable charges remain on the account.

All reconciliations must comply with 2 CFR § 200.302 (Financial Management), § 200.303 (Internal Controls), and NMAC 1.4.1 (Procurement Code Regulations), which require accurate recordkeeping, documentation of all expenditures, and timely correction of any erroneous or unallowable charges.

The Executive Director is responsible for ensuring compliance with these guidelines. Any misuse, lack of documentation, or failure to reconcile timely will be subject to corrective action, including suspension of card privileges or further disciplinary action.

All credit card activity is subject to periodic review and audit in accordance with NALWDB internal controls and federal requirements.

### **8.3 Cash and Cash Management (Strengthened for Compliance and Fiscal Integrity)**

#### **Cash Disbursements (Check Writing) Policies**

##### ***Check Preparation***

1. The Fiscal Agent prepares vendor and expense reimbursement checks on a weekly basis, contingent on fund availability.
2. All disbursements must adhere to the purchasing, accounts payable, and travel policies outlined in this manual.
3. Disbursements should be timed to take advantage of vendor early-payment discounts where applicable.

4. Vendors are generally paid within 30 calendar days of invoice receipt, provided goods/services have been received and funds are available. Delays due to funding source timing (e.g., New Mexico Department of Workforce Solutions) are documented.
5. Prior to each check run, the total cash requirements are reviewed in conjunction with current bank balances.
6. Check stock is used sequentially and stored securely in a locked cabinet under the Fiscal Agent's control.
7. Checks shall never be made payable to "Cash" or "Bearer."
8. Checks must never be pre-signed. Signature is applied only after full documentation and approval.

### ***Check Disbursement and Review***

1. All printed checks are reviewed by the Fiscal Agent. ACH payments initiated by the Finance Specialist must be reviewed and approved by the Fiscal Agent or designee.
2. Each disbursement must be supported by an original invoice and supporting documentation.
3. Disbursements exceeding \$10,000 require approval for ACH. Exception: routine provider payments (e.g., subrecipient workforce services) with pre-approved scopes.
4. Authorized signers include:
  - Fiscal Agent
  - Board Chair

### **Voided Checks and Stop Payments**

- Voided checks are marked "VOID," documented in the accounting system, and retained for audit.
- Stop payments must be authorized in writing by Executive Director and recorded via journal entry along with any associated bank fees.

### **Stale-Dated Checks**

- Checks under \$1,000 that remain uncashed after six months are written off.
- For checks exceeding \$1,000, attempts will be made to contact the payee to reissue or resolve.
- If a credit, refund, or stale-dated check is issued, the amount must be credited back to the original funding source (e.g., PY24 Adult, PY24 Dislocated Worker) whenever possible. Amounts reissued or credited within the same fiscal year shall be returned to the original expense account or cost category. If reissued or credited in a subsequent fiscal year, the amount shall be recorded as miscellaneous income and documented to reflect the originating program or grant. All such transactions must be recorded in the fiscal ledger and monthly reconciliation report to ensure accurate tracking, reconciliation, and audit compliance.

## **Cash Accounts and Bank Structure**

- NALWDB uses a checking account titled “Northern Area Local Workforce Development Board,” held and managed by the Fiscal Agent.
- Payroll and rent are processed through separate Fiscal Agent-controlled accounts and reimbursed by NALWDB.
- The Executive Director maintains view-only access to banking activity and Fiscal Agent may initiate ACH transactions with documented approval.

## **Petty Cash**

NALWDB does not maintain a petty cash account. All small-value expenses must be submitted through the standard reimbursement process.

## **Bank Reconciliations**

- Monthly bank statements are accessed online by the Finance Specialist.
- Reconciliations are performed monthly and reviewed/signed by the Fiscal Agent.
- Discrepancies are investigated and resolved immediately.

## **Cash Drawdowns and Management**

To comply with 2 CFR § 200.305:

- Drawdowns must be timed to minimize the period between fund receipt and disbursement.
- Advance payments are permitted only for subgrantees that demonstrate timely use and strong internal controls.
- Subgrantees not meeting these standards are placed on a reimbursement-only status.

Interest earned on federal cash advances is considered program income under WIOA regulations.

## **Subgrantee Fund Requests**

- Subgrantees must submit a completed FR-99 form with full supporting documentation.
- Requests must be submitted by 5:00 p.m. each Wednesday and are processed weekly.
- NALWDB compiles subgrantee and administrative drawdowns and submits a consolidated FR-99 to the New Mexico Department of Workforce Solutions.
- Funds are typically available within seven business days.

## **Debt and Debt Collection**

### ***Establishment of Debt***

Debts are formally established when disallowed costs are identified through:



1. Audit reports
2. Complaint or appeal rulings
3. Monitoring or investigative reports
4. Grant closeout reports
5. Final determination letters from oversight agencies

### ***Debt Recovery Options***

- **Cash Repayment** from non-federal sources
- **Withholding** from future reimbursements
- **Stand-in Costs** meeting the criteria under 2 CFR § 200.306

To qualify, stand-in costs must:

- Be previously reported as uncharged under the same program year
- Comply with applicable regulations and cost principles
- Be properly documented in the grantee's financial system

### ***Waiver of Sanctions***

Only the U.S. Department of Labor (USDOL) may issue waivers of sanctions related to disallowed costs. NMDWS may submit waiver requests to USDOL only if:

- The costs were incurred by the subgrantee
- There was no willful disregard, gross negligence, or fraud by the grantee
- Fraud being perpetrated against the grantee and cannot be recovered through legal remedies

Waiver requests must be supported by full documentation, including audit resolution reports and justification, and submitted before the 60-day informal resolution period expires.

### ***Collections and Aging***

- NALWDB monitors accounts receivable daily, weekly, and monthly using an aging report.
- Statements are issued to customers every 30 days.
- After 60 days past due, direct calls are made and documented.
- After 90 days, a formal demand letter is issued.
- After 120 days, balances under \$1,000 may be turned over to a collection agency. Balances over \$1,000 may be referred to NALWDB legal counsel.

All collection activity is documented in the financial system and retained in accordance with retention policy and audit requirements.

## **8.4 Fixed Asset Management (Enhanced for Uniform Guidance and GAAP Compliance)**

## **Capitalization Policy**

In accordance with 2 CFR § 200.313 and Generally Accepted Accounting Principles (GAAP), NALWDB capitalizes tangible personal property with a per-unit acquisition cost of \$5,000 or more and a useful life of more than one year. Property acquisitions below this threshold are expensed in the year of purchase.

Capitalized assets are recorded at historical cost. Land and certain artwork are not depreciated, but all other capital assets are subject to systematic depreciation over their estimated useful lives.

## **Fixed Assets**

### ***Fixed Asset Register***

NALWDB maintains a detailed Fixed Asset Register that includes:

1. Date of acquisition
2. Original cost
3. Description (including model, serial number, color)
4. Location of the asset
5. Depreciation method
6. Estimated useful life

The Finance Specialist is responsible for ensuring the Fixed Asset Register is updated and maintained in accordance with policy.

### ***Physical Inventory***

An annual physical inventory of all capitalized assets is conducted and reconciled to the Fixed Asset Register. Discrepancies are investigated, documented, and corrected. A reconciliation report is reviewed and signed by the Executive Director and retained in accordance with NALWDB's record retention policy.

NALWDB physical inventory is the process of identifying, tracking, and documenting assets acquired with Workforce Innovation and Opportunity Act "WIOA" funds that meet specific criteria.

- Unit costs over a certain threshold and a useful life of one year or more.
- During the inventory, each tagged WIOA property item is assigned to a unique inventory tag number, which is then recorded to the Fixed Asset Register.
- This is a requirement for proper property management and to ensure accountability for grant-funded purchases.

## ***Repairs and Improvements***

- Ordinary repairs and maintenance that do not extend the useful life or enhance the value of an asset are expended as incurred.
- Significant repairs, improvements, or modifications that extend the useful life or enhance value are capitalized and depreciated over the asset's revised useful life.

## **Asset Dispositions**

Disposal of capitalized assets, including sale, scrapping, donation, or loss, must be approved by the Executive Director. The asset must be removed from the Fixed Asset Register. Any gain or loss on disposal is recorded as the difference between the proceeds and the asset's net book value.

Stolen or missing assets must be reported immediately to the Executive Director. If unrecovered, the asset is written off with supporting documentation specifying the cause (e.g., theft, disposal, obsolescence).

## **Lease Management**

### ***Lease Classification and Procurement***

All leases *entered* by the Northern Area Local Workforce Development Board (NALWDB) shall be classified and recorded in accordance with Accounting Standards Codification (ASC) 842 and 2 CFR § 200.465 (Rental Costs of Real Property and Equipment).

- Leases may include buildings, office space, vehicles, or equipment, and shall be evaluated to determine whether they meet the criteria for a finance (capital) lease or an operating lease. A lease is classified as a finance lease if it meets any of the following conditions:
  - Ownership of the asset transfers to NALWDB by the end of the lease term.
  - The lease contains a bargain purchase option.
  - The lease term is 75 percent or more of the asset's estimated economic life; or
  - The present value of lease payments equals or exceeds 90 percent of the asset's fair value.
- Leases that do not meet these criteria, or that are immaterial in amount, are classified as operating leases for accounting and reporting purposes. Operating leases include most building or office space leases, which are typically treated as rental agreements under federal cost principles.
- All lease agreements must follow the procurement requirements established under 2 CFR § 200.317–.326 and NMAC 1.4.1, including competitive solicitation or cost/price analysis as applicable. Lease terms, renewals, and modifications must be reviewed and approved by authorized officials prior to execution to ensure compliance with procurement, cost reasonableness, and funding source requirements.

## **Accounting Treatment**

- Capital Leases: Upon lease inception, NALWDB records an asset and corresponding liability based on the present value of minimum lease payments or the fair value of the asset, whichever is lower. Monthly payments are allocated between principal reduction and interest expense. The capitalized asset is depreciated over the lease term using straight-line depreciation.
- Operating Leases: Payments are expensed in the period incurred. For leases with escalating payments, lease expense is recognized on a straight-line basis over the lease term, and any differences are recorded as prepaid or accrued rent.

### **Lease Register and Right-of-Use (ROU) Disclosures**

The Northern Area Local Workforce Development Board (NALWDB) maintains a centralized Lease Register documenting all active finance (capital) and operating leases in accordance with ASC 842 and 2 CFR § 200.465.

Each lease record includes:

- Lease start and end dates
- Payment terms, escalation clauses, and renewal options
- Classification type (finance or operating)
- Asset description, location, and funding source
- Responsible department or program
- Right-of-Use (ROU) asset value and corresponding lease liability calculation based on the present value of lease payments
- Disclosure notes identifying any lease modifications, terminations, or impairments during the reporting period

The Lease Register is updated whenever a new lease is executed, modified, or terminated. It is reviewed annually by the Finance Specialist to ensure accuracy of ROU asset and liability balances and to confirm compliance with ASC 842 recognition and disclosure requirements.

All lease records and supporting documentation, including executed agreements, cost/price analyses, and approval forms, are retained for audit review and made available to the independent auditor or oversight agency upon request.

## **8.4 Fixed Asset Management (Enhanced for Uniform Guidance and GAAP Compliance)**

### **Capitalization Policy**

In accordance with 2 CFR § 200.313 and Generally Accepted Accounting Principles (GAAP), NALWDB capitalizes tangible personal property with a per-unit acquisition cost of \$5,000 or more and a useful life of more than one year. Property acquisitions below this threshold are expensed in the year of purchase.

Capitalized assets are recorded at historical cost. Land and certain artwork are not depreciated, but all other capital assets are subject to systematic depreciation over their estimated useful lives.

## **Fixed Assets**

### ***Fixed Asset Register***

NALWDB maintains a detailed Fixed Asset Register that includes:

1. Date of acquisition
2. Original cost
3. Description (including model, serial number, color)
4. Location of the asset
5. Depreciation method
6. Estimated useful life

The Finance Specialist is responsible for ensuring the Fixed Asset Register is updated and maintained in accordance with policy.

### ***Physical Inventory***

An annual physical inventory of all capitalized assets is conducted and reconciled to the Fixed Asset Register. Discrepancies are investigated, documented, and corrected. A reconciliation report is reviewed and signed by the Executive Director and retained in accordance with NALWDB's record retention policy.

### ***Repairs and Improvements***

- Ordinary repairs and maintenance that do not extend the useful life or enhance the value of an asset are expended as incurred.
- Significant repairs, improvements, or modifications that extend the useful life or enhance value are capitalized and depreciated over the asset's revised useful life.

### **Asset Dispositions**

Disposal of capitalized assets, including sale, scrapping, donation, or loss, must be approved by the Executive Director. The asset must be removed from the Fixed Asset Register. Any gain or loss on disposal is recorded as the difference between the proceeds and the asset's net book value.

Stolen or missing assets must be reported immediately to the Executive Director. If unrecovered, the asset is written off with supporting documentation specifying the cause (e.g., theft, disposal, obsolescence).

### **Lease Management**

### ***Lease Classification***

All leases entered by NALWDB are classified in accordance with Statement of Financial Accounting Standards (ASC 842) No. 13 and 2 CFR § 200.465:

A lease is classified as a capital lease if it meets any of the following:

1. Transfers ownership to NALWDB by the end of the lease term.
2. Contains a bargain purchase option.
3. Lease term equals or exceeds 75% of the asset's estimated economic life.
4. Present value of lease payments equals or exceeds 90% of the asset's fair value.

Leases not meeting these criteria are classified as operating leases. Immaterial leases are automatically classified as operating for reporting purposes.

### ***Accounting Treatment***

- **Capital Leases:** Upon lease inception, NALWDB records an asset and corresponding liability based on the present value of minimum lease payments or the fair value of the asset, whichever is lower. Monthly payments are allocated between principal reduction and interest expense. The capitalized asset is depreciated over the lease term using straight-line depreciation.
- **Operating Leases:** Payments are expensed in the period incurred. For leases with escalating payments, lease expense is recognized on a straight-line basis over the lease term, and any differences are recorded as prepaid or accrued rent.

### ***Lease Register***

NALWDB maintains a centralized Lease Register documenting all capital, operating and equipment leases. Each lease entry includes:

- Lease start and end dates
- Payment terms and escalation clauses
- Classification type (capital or operating)
- Asset description and location
- Responsible department
- Right-of-use Calculations
- Disclosures

This register is reviewed annually by the Executive Director and Fiscal Agent and made available to auditors upon request.

## **8.5 Accrued Liabilities and Financial Reporting**

## **Accrued Liabilities**

To comply with accrual accounting principles and 2 CFR § 200.302(b)(2), NALWDB recognizes certain liabilities at the end of each accounting period, even if not yet invoiced or paid. The Finance Specialist maintains a recurring accrual list including, but not limited to:

1. Salaries and wages earned but unpaid
2. Payroll taxes
3. Accrued leave and vacation pay (in accordance with NALWDB's leave policy)
4. Rent incurred but unpaid
5. Goods and services received but not yet invoiced

These accruals ensure accurate financial reporting and compliance with Uniform Guidance.

## **Financial Statements**

### ***Standard Financial Statements***

NALWDB prepares organization-wide financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and federal grant requirements. These statements are essential tools for oversight, budget management, and external reporting. The core financial reports include:

1. **Statement of Financial Position** – Lists assets, liabilities, and net assets; categorized as current or long-term.
2. **Statement of Activities** – Reports revenues, expenses, and changes in net assets by classification (unrestricted, temporarily restricted, permanently restricted).
3. **Statement of Cash Flows** – Summarizes the organization's sources and uses of cash, divided into operating, investing, and financing activities.

## **Preparation and Frequency**

- Financial statements are prepared quarterly using the accrual basis of accounting.
- Reports include departmental or program-specific activity statements, budget-to-actual comparisons, and year-over-year historical comparisons as needed.
- Reports are formatted to comply with 2 CFR § 200.302(b)(1) for accurate, current, and complete disclosure of financial results.

## **Review and Approval**

Segregation of Duties:

- Financial Specialist review documentation/transactions
- Executive Director board approval of documentation/transactions
- Fiscal Agent Staff review documentation/transactions for accuracy
- Fiscal Agent approval of documentation/transactions for issuance of checks

All financial reports are reviewed by the Executive Director and submitted to the Full Board for approval during scheduled board meetings. Supporting schedules and reconciliations are retained for audit and transparency.

Internal controls and segregation of duties are maintained throughout the reporting process to ensure reliability and integrity of financial data, that prevents fraud and errors by distributing critical tasks among different individual's duties, ensuring no single person has complete control over a process.

## **8.6 Government Returns and Public Access Compliance**

### **Overview**

In accordance with federal, state, and local regulations, the Northern Area Local Workforce Development Board (NALWDB), through its designated Fiscal Agent, complies with all tax and information return filing requirements. These include timely submission of returns required under the Internal Revenue Code, State of New Mexico reporting obligations, and applicable Department of Labor (DOL) mandates.

NALWDB's fiscal compliance also supports transparency and accountability in alignment with 2 CFR § 200.300 and § 200.303 (Internal Controls and Compliance).

### **Filing of Returns**

The Fiscal Agent is responsible for timely and accurate filing of required reports, including but not limited to:

1. **W-2s and 1099s:** Annual wage and non-employee compensation reports filed with the IRS and State. These must be distributed to recipients by January 31 and submitted to the IRS by January 31 (electronic) or February 28 (paper). These are prepared on a calendar year, on a cash-basis.
2. **Form 941:** Quarterly IRS payroll tax return reporting wages paid, and taxes withheld. Due on the last day of the month following quarter-end (April 30, July 31, October 31, January 31) or 10 days later if all deposits were made timely.
3. **State Payroll and Income Tax Returns:** All applicable NM Department of Taxation and Revenue payroll forms, including CRS-1 and SUTA filings, are submitted in compliance with state rules.
4. **Unemployment and Workers' Compensation Reports:** Submitted as required by the New Mexico Department of Workforce Solutions (NMDWS) and Workers' Compensation Administration.

All filings are maintained by the Fiscal Agent with supporting documentation for audit and compliance review.



## Public Access to Information Returns

As required under IRS regulations (IRC § 6104 and 26 CFR § 301.6104(d)-1), NALWDB must make certain organizational documents and IRS forms available for public inspection upon request. This includes:

1. IRS Form 1023 (or 1024) – Application for Tax-Exempt Status, including all attachments
2. IRS Determination Letter
3. Most recent three years of Form 990 or 990-N, if applicable

## Procedures for Access

NALWDB ensures compliance with public access standards by implementing the following:

1. **In-Person Requests:** Members of the public may inspect requested documents during regular business hours at the NALWDB administrative office. The Fiscal Agent is responsible for maintaining and providing access to a file copy.
2. **Written Requests:** Requests for copies must be submitted in writing. NALWDB requires pre-payment for reproduction and mailing costs.
3. **Fee Schedule:** The copying charge is \$1.50 per page. NALWDB accepts certified checks, personal checks, or money orders. In-person payments must be made by certified check or money order.
4. **Response Timeline:** Upon receipt of payment, NALWDB will mail requested copies within 30 calendar days.
5. **Electronic Availability:** Where feasible, public documents may also be posted online to facilitate access and reduce cost barriers.

These procedures ensure compliance with federal public access regulations and promote organizational transparency in the use of public funds.

## 8.7 Budgeting and Annual Audit (Enhanced for Compliance with 2 CFR Part 200 and GAAP)

### Overview

Budgeting is a critical process for translating the strategic goals of the Northern Area Local Workforce Development Board (NALWDB) into financial and operational plans. In accordance with 2 CFR § 200.308 and Generally Accepted Accounting Principles (GAAP), budgets are used to plan, allocate, and evaluate the use of resources across programs, grants, and organizational activities.

### Budget Preparation and Adoption

The Northern Area Local Workforce Development Board (NALWDB) prepares an annual organization-wide budget on an accrual basis to ensure financial integrity and compliance with federal and state fiscal requirements. The Finance Specialist, in coordination with the Fiscal

Agent, reviews historical expenditure trends, program objectives, and funding forecasts to develop the proposed budget for the upcoming fiscal year.

The process is as follows:

1. Initial Draft – Developed by the Fiscal Agent in collaboration with the Finance Specialist and Executive Director, based on projected allocations, carryover funds, and program priorities.
2. Internal Review – Reviewed and revised by the Executive Director for alignment with operational goals, grant terms, and allowable cost principles under 2 CFR §§ 200.403–405.
3. Board and CEO Review – The Chief Elected Officials (CEOs) review the proposed budget alongside the NALWDB Full Board to ensure regional priorities, compliance with the Workforce Innovation and Opportunity Act (WIOA), and fiscal accountability under state and federal law.
4. Formal Approval – The NALWDB Full Board adopts the budget by formal action with concurrence from the CEOs, as required under WIOA Section 107(e) and 20 CFR § 679.420(c), which specify joint board-CEO responsibility for local plan and budget approval.

The budget is initially adopted as a draft prior to the start of the fiscal year to allow for accounting system entry, establishment of internal controls, and implementation of budget-to-actual tracking. The budget is finalized and officially adopted at the first regular board meeting of the fiscal year following CEO concurrence.

All budget amendments or revisions to funding allocations must be approved by both the NALWDB and the CEOs, in accordance with:

- WIOA Section 107(e) – Joint agreement between the Local Board and Chief Elected Officials on budget and local plan.
- 20 CFR § 679.420(c) – Requirement for CEO concurrence on local board budgets.
- 2 CFR § 200.302 and § 200.303 – Financial management and internal control requirements; and
- NMSA 1978, § 6-6-11 – Fiscal accountability requirements for public entities ensuring obligations do not exceed available funds.

Documentation of CEO concurrence shall be documented and retained through signed budget resolutions, memoranda of approval, or official meeting minutes, all of which shall be maintained as part of the official fiscal record, in accordance with WIOA Sections 107(d)(12)(A) and 107(e), and 2 CFR § 200.334 (Record Retention Requirements)..

**Recommendation Incorporated:** The annual NALWDB budget is developed by the Fiscal Agent and Executive Director, reviewed by the Board, and formally approved with concurrence from the Chief Elected Officials (CEOs) in accordance with WIOA Sections 107(d)(12)(A) and 107(e). The budget must align with the local plan and allowable cost principles under 2 CFR §§ 200.302–405 and NMSA 1978, § 6-6-11. To ensure a clear audit trail, the final adopted budget

must include documented signatures from both the Board Chair and Executive Director, along with written CEO approval maintained as part of the official fiscal record.

### **Budget Modifications and Monitoring**

- Budget-to-actual comparisons are conducted **quarterly**.
- Variances are analyzed and presented to the Board with explanations.
- Revisions due to funding changes, program realignments, or emergent needs are submitted to the Board for approval.

All budget adjustments comply with Uniform Guidance provisions requiring prior written approval for significant changes (2 CFR § 200.308).

**Recommendation Incorporated:** Budget variance thresholds triggering board review will be formally documented (e.g., variances >10%) and incorporated into Board reporting templates for consistency and transparency.

### **Annual Audit Requirements**

#### ***Role of the Independent Auditor***

In accordance with 2 CFR § 200.501 (Audit Requirements), NALWDB's Fiscal Agent shall engage an independent auditor annually. The audit includes:

- Financial statements
- Uniform Guidance compliance (Single Audit if expenditure exceeds \$1,000,000.00)
- Internal control findings and a management letter, if applicable

Audit results are presented to the Board of Directors and submitted to the Federal Audit Clearinghouse as required.

**Recommendation Incorporated:** NALWDB will explicitly document its responsibility to prepare a Schedule of Expenditures of Federal Awards (SEFA) annually when applicable and ensure SEFA is included in audit workpapers.

#### ***Auditor Selection and RFP Process – Requirement for Independence Checks 2 CFR 200.509***

NALWDB re-evaluates its audit firm at least every three years. Factors include:

1. Experience with nonprofits and federal grant compliance
2. Quality of previous service
3. Peer review reports
4. Cost and scope

An RFP, if issued, includes:

- Contract period and terms
- Required services and deliverables
- Evaluation criteria
- Timeline for submission

**Minimum proposals must include:**

- Firm background and qualifications
- Team bios and resumes
- Audit methodology
- References
- Most recent peer reviews
- Pricing structure and schedule

The Audit Subcommittee will evaluate responses, conduct interviews if needed, and recommend a firm for Board approval.

**Preparation and Support**

NALWDB fiscal staff prepare schedules and documentation in advance of the audit to reduce costs and increase efficiency. The audit process is actively supported by:

- Timely submission of records
- Onsite availability for inquiries
- Clarification of journal entries or account balances

**Audit Conclusion and Findings**

The Fiscal Agent reviews the draft audit thoroughly:

1. Verifies numerical accuracy
2. Checks disclosures and footnotes
3. Reconcile figures with internal reports

Management responses to audit findings are prepared and submitted to the Board. Follow-up actions are tracked until fully resolved.

**Recommendation Incorporated:** All audit responses and corrective action plans will now be documented in a centralized Audit Response Log, maintained by the Fiscal Agent and shared with the Executive Director and Board quarterly.

These procedures and improvements ensure NALWDB remains in full compliance with DOL ETA guidance on WIOA- Specific Audit Testing – Attachment I The OMB Compliance Supplement standards and continues to uphold strong internal controls and stewardship of federal funds.

## 8.8 Insurance and Federal Award Administration

### Overview

NALWDB employs a proactive risk management strategy by maintaining a comprehensive portfolio of insurance policies designed to protect its personnel, assets, and operations. This is part of the Board's broader commitment to continuity, liability protection, and compliance with federal award conditions under 2 CFR § 200.310 (Insurance Coverage).

### Insurance Coverage Guidelines

NALWDB shall maintain insurance policies providing at minimum the following types and levels of coverage:

Type of Coverage	Minimum Amount of Coverage
Executive Directors and Officers Liability	\$2,000,000
Professional Liability (Finance)	\$2,000,000 (for contracted Finance Specialist)
General Liability and Property	Adequate coverage for buildings, equipment, contents, and computers

The Fiscal Agent shall maintain a centralized Insurance Register that includes:

- Type of policy
- Policy number
- Carrier and agent contact
- Amount of coverage
- Effective and expiration dates

### Definitions of Common Policies

- **Workers' Compensation and Employer's Liability:** Required by federal and state law. Contractors must provide coverage or demonstrate exemption.
- **Fidelity Bond:** Required for all staff authorized to handle cash or sign checks. Bond amounts are based on assessed organizational risk and role.
- **Comprehensive Liability:** Covers board members, employees, and assets including computers, fine arts, buildings, and machinery.

All insurance policies are reviewed annually for adequacy and updated as needed.

## 8.9 Administration of Federal Awards 20 CFR 683.200

## Definitions

NALWDB may receive financial support through the following types of federal agreements:

- **Grant:** Unilateral financial assistance to support public purposes.
- **Contract:** Legal procurement agreement for goods/services.
- **Cooperative Agreement:** Financial assistance with donor involvement in program execution.

All types are treated as federal “awards” for compliance purposes under 2 CFR Part 200.

## Proposal Preparation and Review

Departments proposing new programs must:

1. Draft proposals and budgets.
2. Submit all proposals to the Executive Director for review and written approval before submission to the funding source.

## Post-Award Requirements

Once an award is granted:

1. **Award Verification:** The Finance Specialist will confirm CFDA number, time period, budget categories, reporting requirements, and applicable Uniform Guidance terms.
2. **Account Setup:** The Fiscal Agent establishes general ledger codes aligned with the award budget.
3. **File Management:** A centralized grant file is maintained containing the proposal, signed award, terms and conditions, reports, and correspondence.

## 8.10 Compliance with Laws, Regulations, and Grant Terms

NALWDB is responsible for compliance with:

- The award terms
- Applicable federal and state statutes and regulations
- 2 CFR § 200 Subparts D and E

To support this, NALWDB will:

1. **Designate a Grant/Project Manager (GPM)** for each federal award.
2. The GPM must:
  - Review award terms and compliance supplements
  - Identify applicable federal regulations
  - Create a summary of compliance obligations and deadlines
3. The Fiscal Agent will provide GPMs with regulatory updates and guidance.

4. Any procedural changes required for compliance are documented and implemented jointly by the Fiscal Agent and the GPM.
5. Ongoing regulatory changes are tracked through:
  - Federal Register notifications
  - 2 CFR 200 Compliance Supplement updates
  - Communication with granting agencies

## **Coordination with Auditors**

The Executive Director and Fiscal Agent must:

- Maintain all compliance documentation for audit
- Disclose known instances of noncompliance
- Cooperate with auditors to support Single Audit objectives

These policies ensure that NALWDB remains compliant with all relevant laws and regulations tied to federal funding and maintains proper stewardship of awarded funds.

## **8.11 Billing and Financial Reporting**

NALWDB ensures timely, accurate, and compliant billing and financial reporting for all federal grant awards.

### **Responsibilities and Process**

- Monthly and cumulative financial statements are prepared by the Fiscal Agent.
  - Financial statements must include budget, expenditure, and remaining balances.
  - Reports are reviewed and approved by the Executive Director or Board as applicable.
- Billing and Reimbursement**
- Reimbursement requests are based on actual incurred and documented costs that have been paid or are immediately due for payment.
  - Cash drawdowns are performed weekly to meet current cash needs for allowable expenditures that have been incurred and properly recorded in the financial system, consistent with 2 CFR § 200.305(b).
  - Revisions to financial reports following audits or monitoring reviews are submitted in accordance with grant award terms and timelines.

### **Cash Drawdown Procedure**

1. Drawdowns are requested only for immediate cash needs related to actual incurred or pending payable expenses, ensuring compliance with the “minimize the time elapsing” requirement in 2 CFR § 200.305(b)(1).

2. Weekly reconciliations are performed to verify year-to-date (YTD) expenditures, prior drawdowns, and disbursements before new requests are submitted.
3. All drawdown requests must include supporting documentation (e.g., FR-99, ledger detail, or expenditure reports) and be approved by authorized fiscal staff prior to submission.

## **8.12 Contract and Procurement Compliance**

All contracts awarded by NALWDB must meet the requirements of 2 CFR § 200.317 through § 200.327 and include provisions for:

1. **Equal Employment Opportunity** (E.O. 11246)
2. **Copeland “Anti-Kickback” Act** (29 CFR Part 3)
3. **Davis-Bacon Act** (40 U.S.C. 276a)
4. **Contract Work Hours and Safety Standards Act** (40 U.S.C. 327–333)
5. **Rights to Inventions** under Federal contracts
6. **Clean Air Act and Federal Water Pollution Control Act** (42 U.S.C. 7401 et seq., 33 U.S.C. 1251 et seq.)
7. **Byrd Anti-Lobbying Amendment** (31 U.S.C. 1352)
8. **Debarment and Suspension** (E.O. 12549 and 12689)
9. **Remedies for breach** and dispute resolution (2 CFR § 200.339)
10. **Termination for cause or convenience** (2 CFR § 200.340)

NALWDB does not use cost-plus percentage-of-cost contracts. All solicitations and awards adhere to Uniform Guidance and NMAC Title 1, Chapter 4, and applicable procurement thresholds.

All subrecipients and vendors must adhere to NALWDB procurement policies, and contracts must include all federally required terms and conditions.

### **Contracts and Subcontracts Issued to Service Providers –**

The Northern Area Local Workforce Development Board (NALWDB) subcontracts workforce services funded through public and/or private sources to qualified service providers. All contracts and subcontracts must align with applicable federal, state, and local regulations. Contracts are issued based on programmatic needs, provider capacity, and competitive procurement standards. Each agreement must be carried out before the commencement of any services and clearly delineate terms of performance, deliverables, reporting obligations, and funding sources.

### **Policy on Training Expenditure Requirement of WIOA Funds**

NALWDB is committed to maximizing the direct investment in participant training and support services. Each program year, the Board sets a targeted training expenditure goal in collaboration with service providers. This goal encompasses Occupational Skills Training, On-the-Job Training (OJT), and Supportive Services combined.



At the start of each program year, NALWDB staff negotiates specific targets with each WIOA Title I service provider. These targets are incorporated into their contracts and monitored through quarterly fiscal and programmatic reporting. The Board reviews provider performance annually and adjusts training investment targets based on funding availability, service population needs, and overall strategic objectives.

### **Subrecipient contract Monitoring and Oversight**

NALWDB is responsible for ensuring that subcontractors comply with applicable laws, regulations, and award conditions. In accordance with 2 CFR 200.331 and WIOA oversight requirements, the Board applies the following monitoring framework:

#### **Subrecipient Agreement Requirements:**

1. Identification of Federal funding sources, including:
  - Catalog of Federal Domestic Assistance (CFDA) number and title
  - Name of the awarding Federal agency
  - Total amount of federal award
2. Inclusion of applicable audit requirements per 2 CFR Part 200 Subpart F.
3. Explicit reference to all applicable federal rules and cost principles.
4. Requirement for timely submission of financial and performance reports.

**Ongoing Monitoring Activities:** The Northern Area Local Workforce Development Board (NALWDB), through its fiscal agent and program staff, conducts continuous oversight and monitoring of all subrecipient and service provider activities to ensure compliance with federal, state, and local requirements. Ongoing monitoring activities include:

- Routine communication and technical assistance to subrecipients and service providers.
- Quarterly desk reviews of programmatic and fiscal reports to assess performance, cost allowability, and data accuracy.
- Continuous budget monitoring and variance analysis to ensure expenditure aligns with approved budgets and cost principles.
- On-site monitoring visits (as needed) to verify compliance with grant requirements, participant eligibility, documentation standards, and performance outcomes; and
- Documentation of all findings, observations, and corrective actions, with follow-up to ensure timely resolution.

In addition to these ongoing oversight activities, NALWDB shall conduct at least one (1) comprehensive compliance monitoring review annually for each subrecipient. This review will evaluate the subrecipient's:

- Fiscal systems – including internal controls, financial reporting, and cash management.
- Program operations – including eligibility, service delivery, and performance outcomes; and
- Administrative and management procedures – including procurement, record retention, and equal opportunity compliance.

All monitoring results, findings, and corrective actions shall be formally documented, reported to the Board, and retained in accordance with 2 CFR § 200.334. These activities ensure full compliance with:

- 2 CFR § 200.332(d) – Subrecipient monitoring and management requirements.
- 2 CFR § 200.303 – Internal controls.
- WIOA Section 107(d)(8) – Local board responsibility for program oversight; and
- 20 CFR § 683.410–420 – Monitoring and oversight responsibilities for local workforce boards.

All monitoring documentation must demonstrate due diligence, transparency, and accountability in the administration of federal and state workforce development funds.

### **Audit Resolution Policy**

Subrecipients are required to submit annual audits in compliance with 2 CFR 200 Subpart F. Upon receipt, the NALWDB Finance Specialist will review the audit for any findings or questions related costs.

### **Resolution Process:**

- Findings will be reviewed by the Finance Specialist in coordination with the Board Chair and auditor.
- If corrective action is required, the subrecipient will have 30 working days to submit a Corrective Action Plan.
- All corrective actions must be fully implemented within six (6) months.
- Disallowed costs must be repaid within 60 working days of the notice of disallowance.
- Subrecipients have the right to appeal audit decisions. Written hearing requests must be submitted within 30 calendar days.
- Follow-up reviews may be conducted to confirm implementation of corrective actions.

### **Equipment and Furniture Purchased with Federal Funds**

All federally funded purchases of equipment and furniture must adhere to the following:

1. Equipment is defined as tangible personal property with a per-unit cost of \$5,000 or more or as defined in NALWDB's capitalization policy.
2. Prior written approval from the awarding agency is required for equipment purchases.
3. Equipment must be marked as federally owned, if applicable, and insured appropriately.
4. Equipment with a fair market value over \$5,000 at the end of the program must be disposed of according to federal guidelines.
5. A physical inventory is required at least once every two years and must be reconciled with financial records and federal reports.

## **Standards for Financial Management Systems**

The Northern Area Local Workforce Development Board (NALWDB) maintains financial management systems that fully comply with 2 CFR § 200.302 and related provisions of the Uniform Guidance. These systems ensure fiscal accountability, transparency, and the proper stewardship of federal and state funds.

NALWDB's financial system includes the following key features:

1. Accurate, complete, and timely financial reporting for all funding sources, consistent with award terms and federal reporting requirements.
2. Comprehensive recordkeeping clearly identifies the source and application of funds for all program and administrative activities.
3. Effective internal controls (as required by 2 CFR § 200.303) to safeguard assets, prevent misuse, and ensure expenditures are properly authorized and allowable.
4. Budget-to-actual comparisons performed regularly for all federal and state programs to monitor performance and detect variances.
5. Cash management procedures that minimize the time between drawdown and disbursement, in compliance with 2 CFR § 200.305(b).
6. Cost allocation and allowability reviews conducted in accordance with the applicable cost principles in 2 CFR Subpart E (§§ 200.403–405) to ensure equitable and consistent distribution of shared costs.
7. Fiscal records supported by verifiable source documentation, including invoices, payroll records, contracts, and reconciliations, to provide a clear audit trail for all transactions.

These features collectively ensure that all financial activities are properly controlled, documented, and reported, providing full accountability to federal, state, and local oversight entities. The NALWDB's financial management systems are reviewed annually by the Fiscal Agent and independent external auditor to confirm continued compliance with 2 CFR Part 200 and applicable federal and state requirements.

## **Functional Expense Allocations**

NALWDB allocates expenses based on the nature of services and their functional use. When expenses benefit multiple cost objectives, allocation is performed using reasonable and documented methodologies outlined in the approved Cost Allocation Plan.

## Budget and Program Revisions

NALWDB will seek prior approval from the federal awarding agency for any of the following:

1. Scope or objective changes in a project or program
2. Changes in key personnel or significant time reductions
3. Requests for additional federal funding
4. Budget reallocations between direct and indirect costs 2 CFR 200.464
5. Costs requiring prior written approval per 2 CFR 200
6. Reallocation of trainee support funds to other cost categories
7. Subcontracting or contracting out substantial program work not originally included in the application

## Charging Costs to Federal Awards

### *Overview*

The Northern Area Local Workforce Development Board (NALWDB) shall charge only those costs to Federal awards that are **reasonable, allowable, and allocable** in accordance with 2 CFR Part 200 (Uniform Guidance). All unallowable costs must be appropriately segregated in the general ledger to ensure they are not charged, either directly or indirectly, to any Federal award.

### Segregation of Allowable and Unallowable Costs

To ensure proper classification and compliance, the following procedures will be used to distinguish allowable from unallowable costs:

1. **Review of Award Terms:** Each Federal grant, cooperative agreement, or contract will be reviewed in detail to identify costs that are explicitly allowable or unallowable under the terms and conditions of the award.
2. **Regulatory Familiarity:** Finance and program staff shall be trained and familiar with the applicable cost principles under 2 CFR Part 200 Subpart E (formerly OMB Circular A-122), including:
  - o **Specifically unallowable costs** (e.g., alcoholic beverages, lobbying, fines, and penalties)
  - o **Costs requiring prior written approval** (e.g., foreign travel, capital equipment)
3. **Cost Pre-Approval:** No costs shall be charged to a Federal award unless it has been determined to be allowed under the award and relevant federal regulations.
4. **Account Coding:** General ledger accounts will be established for each Federal award to reflect allowable cost categories as defined in the award budget.
5. **Credit Offsets:** Miscellaneous credits (e.g., refunds, rebates, uncashed checks) will be recorded as reductions to allowable expenditures in the year received if the original charge was allocated to a federal award. Prior period adjustments will not be made unless specifically required.

## **Criteria for Allowability of Costs**

A cost is considered allowable under a federal award only if it meets all of the following criteria:

1. **Reasonable:**
  - The cost reflects what a prudent person would incur under similar circumstances.
  - It is necessary for the performance of the award.
  - It adheres to sound business practices and applicable laws.
2. **Allocable:**
  - The cost is incurred specifically for the Federal award.
  - It benefits both Federal and non-Federal activities in reasonable proportion.
  - It is necessary to overall operations where direct allocation is impractical.
3. **Conformance with Limitations:**
  - The cost conforms to any limitations in 2 CFR Part 200 or in the award terms.
4. **Consistent Treatment:**
  - The cost is treated consistently with policies that apply to both Federally funded and non-Federally funded activities.
5. **Accounting Principles:**
  - The cost complies with Generally Accepted Accounting Principles (GAAP).
6. **No Duplication:**
  - The cost is not included in any other Federal program in the current or prior periods.
7. **Adequate Documentation:**
  - The cost is properly documented and supported by verifiable records.

## **Direct Costs**

Direct costs are those that can be specifically and exclusively attributed to a single Federal award or project. Examples include:

- Salaries and wages of staff working directly on the award
- Equipment purchased specifically for the award
- Program-related travel and supplies

## **Procedures for Charging Direct Costs:**

- Each expense must be coded to the appropriate general ledger account.
- Invoices must be reviewed and approved by the Executive Director and the Finance Specialist.
- Employee time must be tracked via timesheets or personnel activity reports, indicating actual hours worked per project.
- Equipment purchased with Federal funds for exclusive use shall be charged directly to the award, not capitalized or depreciated.

## Indirect Costs

In accordance with 2 CFR § 200.414(f), recipients and subrecipients that do not have a current federally negotiated indirect cost rate (including a provisional rate) may elect to charge a de minimis indirect cost rate of up to 15 percent of modified total direct costs (MTDC). The use of this rate is optional, not required, under federal regulations.

Indirect costs are those necessary for overall organizational operations or those that support multiple programs and cannot be readily identified with a specific cost objective (e.g., utilities, administrative support, executive management, and general accounting).

The NALWDB does not currently maintain a federally negotiated indirect cost rate and has not elected to charge the de minimis rate under 2 CFR § 200.414(f). Instead, all shared administrative and operational costs are distributed through an approved Cost Allocation Plan (CAP), which outlines the methodology used to assign costs equitably and proportionately across benefiting programs.

NALWDB will periodically review its administrative cost structure and may pursue a negotiated indirect cost rate or elect the de minimis rate in the future if deemed administratively beneficial and consistent with federal cost principles.

## Closeout of Federal Awards

In accordance with 2 CFR 200.344 and award-specific guidance, NALWDB will ensure timely and accurate closeout of Federal awards.

- All obligations must be liquidated within 90 calendar days after the end of the period of performance unless otherwise specified.
- Final financial, performance, and programmatic reports must be submitted as required by the awarding agency.
- Any unspent or unallowable funds must be returned in compliance with closeout instructions.

**Travel Policy (Effective June 30, 2025)** <https://www.gsa.gov/travel/plan-book/per-diem-rates> [www.northernboard.org](http://www.northernboard.org)

### 1. Mileage Reimbursement

- **Rate:** Reimbursement for business use of a personal vehicle is set at **\$0.70 per mile**, in alignment with the GSA standard mileage rates for 2025
- **Documentation:** Mileage claims must include:
  - A printout from a web mapping tool (e.g., Google Maps or MapQuest) showing the distance traveled.
  - A copy of the meeting agenda or other documentation substantiating the business purpose of the travel.

- **Starting Point:** Reimbursement is calculated from the NALWDB office or the employee's residence, whichever results in fewer miles.

## 2. Lodging and Meals

- **Per Diem Rates:** NALWDB adheres to the GSA's Fiscal Year 2025 NMAC Travel and Per Diem rates <https://www.srca.nm.gov/parts/title02/02.042.0002.html> :
  - **Lodging:** Employees or board members should select the lowest rate possible and are limited to the lodging rate published by the GSA
  - **Meals & Incidental Expenses (M&IE):** Standard rate is **\$68 per day**, with higher rates applicable in designated non-standard areas
- **Meal Reimbursement:**
  - **In-State Travel:** Up to **\$68 per day**, in accordance with GSA rates.
  - **Out-of-State Travel:** Up to **\$68 per day**, unless traveling to a designated high-cost area, in which case the applicable higher GSA M&IE rate applies.
  - **High-Cost Areas:** Refer to the GSA website for specific rates by location. U.S. General Services Administration+3Defense Travel Management Office+3U.S. General Services Administration+3
- **Lodging Approval:** Any lodging expense exceeding **\$215 per night** requires prior written approval from the Board Chair.

## 3. Expense Reporting

- **Receipts:** All expenses, except for tips, tolls, and reimbursed mileage, must be supported by itemized receipts. Credit card slips alone are not sufficient documentation.
- **Airfare:** Submit airline-issued receipts whenever possible. If unavailable, provide alternate documentation such as an itinerary, boarding pass, and proof of payment (e.g., credit card or bank statement).
- **Expense Report:** Complete and submit a Travel Expense Report for each trip, detailing:
  - Each expense item separately.
  - The business purpose of the trip.
  - Applicable project/function codes for all expenditures.
  - Names, titles, organizations, and business relationships of all individuals involved in business meals or events; and
  - Topics discussed during any business meals or events.
- **Approval:** Expense reports must be signed by the employee and approved by the Executive Director prior to reimbursement to ensure compliance with 2 CFR § 200.474 (Travel Costs).
- **Use of organizational credit cards for travel-related expenses is prohibited.** All travel costs must be paid personally by the employee and submitted for reimbursement through the approved expense reporting process. Because credit card use for travel is not permitted, a Credit Card Authorization Form is not required.
- **Any exception to this policy must be pre-approved in writing by the Executive Director and fully documented in the employees' travel file.**
- .

#### 4. Spouse/Partner Travel

NALWDB does not reimburse travel expenses incurred by an employee's or board member's spouse or partner. However, if a hotel room is shared, the full lodging cost may be claimed, provided it does not exceed the applicable per-diem rate.

#### Payroll and Related Policies

##### Worker Classification: Employees vs. Independent Contractors

NALWDB adheres to the IRS guidelines outlined in **IRS Publication 1779** and the **Common Law Rules** (behavioral control, financial control, and relationship of the parties) when determining whether an individual is classified as an employee or independent contractor.

- **Independent Contractors:**  
Individuals classified as independent contractors must meet all IRS criteria for non-employee status. If an individual is compensated \$600 or more during the calendar year (on a cash basis), NALWDB will issue **Form 1099-NEC**. Reimbursements for documented business expenses (receipts and descriptions required) are **excluded** from reported compensation.
- **Employees:**  
If an individual does not meet the criteria for independent contractor status, they must be classified as an employee. In such cases, a **personnel file** is created under the Fiscal Agent's employment structure, and all documentation required by the Fiscal Agent's personnel policies will be collected. All policies outlined in this section apply exclusively to employees.

#### Payroll Administration

All NALWDB employees are formally employed by the **board**. A complete and up-to-date personnel file is maintained for each employee, which includes the following mandatory documents:

1. **Form W-4** – Employee's Federal Withholding Certificate
2. **Form I-9** – Employment Eligibility Verification
3. **Direct Deposit Authorization** – Accompanied by a voided check or deposit slip
4. **Insurance and Benefit Forms** – Including health, life, dental, and retirement applications

#### Authorization for Changes in Payroll Data

To maintain compliance and audit readiness, all payroll changes must be documented and authorized in writing. The following types of changes require formal approval:



<b>Change Type</b>	<b>Authorization Required</b>
New Hires	Executive Director
Terminations	Executive Director
Changes in Pay Rates or Salary	Executive Director
Voluntary Payroll Deductions	Employee
Income Tax Withholding Adjustments	Employee
Court-Ordered Deductions	Legal Order + Employee File

All documentation must be retained in the employee's personnel file maintained by the Northern Board.

### **Payroll Tax Compliance**

The Fiscal Agent is responsible for ensuring full compliance with federal and state tax regulations, including:

- Timely filing of all payroll tax forms (e.g., 941, W-2, W-3)
- Proper withholding of income tax, Social Security, and Medicare
- Submission of employer tax contributions
- Annual issuance of tax forms to employees and contractors

The Fiscal Agent may engage a qualified payroll processing service to manage these responsibilities. The vendor must meet all compliance requirements under the **Internal Revenue Code** and **applicable state laws**.

### **Timesheet Processing and Payroll Allocation**

Payroll for all NALWDB employees is processed based on **timesheets submitted to the Fiscal Agent**. Timesheets must reflect:

- Total hours worked
- Paid Time Off (PTO) taken

At present, timesheets do not include program-level allocations. Instead, cost allocation occurs during month-end reconciliation.

## ***Month-End Invoicing and Cost Allocation***

- The Fiscal Agent submits a monthly **invoice** to NALWDB detailing personnel costs (wages, benefits, taxes).
- The NALWDB Finance Specialist uses timesheets from the corresponding period to allocate personnel costs across applicable WIOA programs in accordance with the **Cost Allocation Plan** and **Uniform Guidance (2 CFR § 200.430)**.

## **NALWDB Personnel Policies and Procedures – Refer to HR Handbook**

[www.northernboard.org](http://www.northernboard.org)

### **Section I – Code of Ethical Conduct**

#### ***A. Organizational Commitment to Ethics***

The Northern Area Local Workforce Development Board (NALWDB) is committed to conducting its operations with the highest standards of ethics, transparency, and integrity. All employees, board members, officers, and agents must uphold ethical principles in the performance of their duties and avoid the appearance of impropriety in all professional interactions.

#### ***B. Code of Conduct Acknowledgment***

All employees, contractors, and board members are required to sign an annual Code of Conduct Acknowledgment Form affirming their understanding of and commitment to NALWDB's ethical standards. This form is maintained in the individual personnel or board member file.

#### ***C. Ethical Decision-Making Guidelines***

Employees should ask the following questions before taking any business-related action:

1. Is the action legal?
2. Is the action ethical and consistent with NALWDB's mission?
3. Does this action comply with NALWDB policies and federal guidance?
4. Would I feel comfortable if my action appeared on the evening news?
5. Does this decision reflect fairness, transparency, and accountability?

Supervisors and managers are responsible for modeling and reinforcing these expectations and are held accountable for the ethical behavior of their teams.

#### **D. Conflict of Interest**

All employees and board members must annually disclose any potential, real, or perceived conflicts of interest using the *Conflict-of-Interest* Disclosure Form (Exhibit A). NALWDB prohibits participation in any contract award, vendor selection, procurement decision, or

administrative action where a conflict of interest exists or appears to exist, in accordance with 2 CFR § 200.318(c)(1), WIOA Section 107(h), and NMAC 1.4.1.51.

When a potential conflict of interest is identified, a Conflict-of-Interest Review Committee will be appointed, if needed, by the Board Chair or Executive Director to review the disclosure, assess the nature of the conflict, and determine appropriate corrective or mitigating actions.

The Review Committee shall consist of:

- The Board Chair (or designee).
- The Executive Director (unless they are the subject of the conflict); and
- One neutral Board Member or Fiscal Agent representative with no direct or indirect interest in the matter under review.

The committee will evaluate all relevant information, determine whether a conflict exists, and recommend appropriate actions, including recusal, reassignment of duties, or other measures to ensure impartiality and compliance.

All committee findings, determinations, and corrective actions will be documented and retained in the official record to ensure transparency and adherence to federal and state conflict-of-interest standards.

#### ***E. Compliance with Laws and Policies***

All staff are expected to comply with federal, state, and local laws, as well as internal NALWDB policies. Willful violations, circumventions, or disregard for these policies will be subject to disciplinary action.

### **Section II – Whistleblower Protections**

#### ***A. Non-Retaliation Policy***

NALWDB strictly prohibits retaliation against any employee, participant, contractor, or stakeholder who reports suspected fraud, waste, abuse, or other misconduct. Protections are afforded under federal and state whistleblower laws. Violators of this policy will be subject to termination and/or legal action.

#### **B. Anonymous Reporting**

The Northern Area Local Workforce Development Board (NALWDB) supports and encourages confidential and anonymous reporting of any ethical concerns, suspected fraud, waste, abuse, or conflicts of interest. Reports may be made through any of the following channels:

- Executive Director

- Board Chair
- Chief Elected Officials (CEOs)
- U.S. Department of Labor Office of Inspector General (OIG) Hotline: 1-800-347-3756 | [hotline@oig.dol.gov](mailto:hotline@oig.dol.gov)

All reports will be fully kept confidential permitted by law. Retaliation against individuals who report concerns in good faith is strictly prohibited under federal and state whistleblower protections, including 2 CFR § 200.113 and applicable provisions of the Workforce Innovation and Opportunity Act (WIOA).

### **Section III – Fraud Prevention and Detection**

#### ***A. Scope***

This policy applies to all NALWDB employees, board members, subrecipients, vendors, consultants, and contractors.

#### ***B. Definition of Fraud and Abuse***

Examples include:

- Theft, forgery, embezzlement
- Falsification of reports or records
- Submission of fraudulent claims
- Unauthorized use of funds or assets
- Receiving or offering bribes or kickbacks

#### ***C. Mandatory Training***

All board members, administrative staff, Fiscal Agent and One Stop Operator staff shall complete at minimum, 10 hours of Continue Education Credits per program year. The board shall use the NMDWS quarterly report to track the number of continuing education credits and the percentage progress for each job function during the quarter and at the end of the program year the board shall monitor indicating completion of continuing education credits achieved.

Training courses by WorkforceGPS or other WIOA Workforce and Economic Development training courses are accepted.

#### ***D. Detection and Internal Controls***

NALWDB will maintain a Fraud Risk Assessment Matrix and conduct:

- Routine financial audits
- Desk reviews of financials

- Spot checks and internal investigations
- Subrecipient monitoring

Findings are documented and addressed through Corrective Action Plans (CAPs).

## **Section IV – Incident Reporting and Resolution**

### ***A. Reporting Requirements***

All suspected fraud or abuse involving federal funds must be reported using the Incident Report (IR) Form OIG 1-156. Emergency cases (e.g., imminent health/safety risks or loss exceeding \$50,000) must be reported to the OIG within one business day.

### ***B. Investigation Authority***

Designated NALWDB Board members or CEOs:

- Access all records and premises
- Copy documentation relevant to investigations

Investigation results will be documented and may be referred to DOL OIG, ETA, or legal authorities.

### ***C. Confidentiality***

All investigations will be conducted confidentially. Public disclosure of investigation status or accusations is prohibited.

### ***D. Corrective Action Process***

If a violation is confirmed:

- A Corrective Action Plan (CAP) must be implemented within 30–60 days
- Ongoing monitoring will verify resolution
- Failure to comply may result in de-obligation of funds or legal action

## **Section V – Subrecipient Compliance**

NALWDB must ensure that all subrecipients:

- Receive written notification of their fraud reporting obligations
- Comply with TEGL 02-12 and Uniform Guidance
- Are monitored annually for compliance

## **Section VI – Exhibits**

- Exhibit A – Conflict of Interest Disclosure Form
- Exhibit B – Incident Report Form (IR OIG 1-156)
- Exhibit C – Annual Ethics and Fraud Awareness Acknowledgment
- Exhibit D – OIG Hotline Poster for Staff Bulletin Boards
- Exhibit E – Sample Corrective Action Plan Template

## **Section VII – Contact Information**

**Office of Inspector General (OIG)** 200 Constitution Avenue, NW, Room S-5506, Washington, DC 20210 Phone: 1-800-347-3756 | Email: [hotline@oig.dol.gov](mailto:hotline@oig.dol.gov)

**Region I ETA Administrator** U.S. Department of Labor – ETA JFK Federal Building, Room E-350, Boston, MA 02203 Phone: (617) 788-0170

## **NALWDB Policies and Procedures: Ethical Conduct in Purchasing and Communications**

### **Section I – Ethical Conduct in Procurement**

#### ***A. Statement of Principle***

Ethical conduct in all purchasing and procurement activities is vital to maintaining public trust and the integrity of the Northern Area Local Workforce Development Board (NALWDB). All employees and agents of NALWDB must conduct purchasing activities with transparency, impartiality, and integrity, representing the best interests of the Board and its stakeholders.

#### ***B. Gifts and Gratuities***

NALWDB staff shall not solicit or accept gifts, favors, or anything of monetary value from vendors, suppliers, contractors, or subrecipients. Exceptions include:

- Unsolicited promotional items of nominal value (e.g., pens, calendars) with approval by the Executive Director
- Donations made to NALWDB that are clearly designated for general use and do not influence procurement decisions

Staff must notify their supervisor immediately if offered any gift or incentive that could be perceived as a conflict of interest.

### **Section II – Conflict of Interest**

No officer, board member, employee, or agent of NALWDB shall participate in any procurement or contract award process if a real or apparent conflict of interest exists. This includes situations where:

- The individual or a member of their immediate family has a financial interest in the outcome
- The individual has a personal relationship that could bias decision-making

Any known or potential conflict must be disclosed in writing to the Executive Director. Violations may result in disqualification from procurement activities and disciplinary action.

### **Section III – Receipt and Acceptance of Goods**

Upon receiving goods from a vendor, the following actions must be taken:

1. Confirm the delivery address and bill of lading (BOL)
2. Verify the number of containers
3. Inspect for exterior damage
4. Note discrepancies on the bill of lading
5. Sign and date the bill of lading; retain a copy
6. Remove and review packing slips
7. Match packing slip to invoice
8. Inspect goods for damage or inconsistency
9. Report issues to the Executive Director
10. Obtain prior approval for transfer of any items to other locations

### **Section IV – Political Activity and Expenditures**

#### ***A. Political Intervention Prohibited***

NALWDB prohibits the use of any organization resources for political intervention, defined as:

- Direct or indirect support or opposition to a candidate for public office
- Use of staff time or property to support political campaigns or issues

Examples of prohibited expenditure include:

- Contributions to political campaigns or PACs
- Political advertisements or campaign literature
- Public Endorsements by NALWDB on political matters

#### ***B. Certification Regarding Lobbying***

NALWDB certifies that:

1. No federal funds have been or will be used to influence legislation or the awarding of federal contracts or grants.
2. If non-federal funds are used for lobbying, the organization will submit Standard Form LLL as required by 31 U.S.C. §1352.

Violations may result in civil penalties of \$10,000 to \$100,000 per infraction.

## **Section V – Use of NALWDB Technology and Communications**

### ***A. Purpose and Scope***

This section establishes acceptable use policies for all NALWDB electronic communications and technology systems. It applies to employees, contractors, consultants, and any authorized users of NALWDB systems.

### ***B. Acceptable Use***

All technology resources must be used for business purposes consistent with NALWDB's mission. Limited incidental personal use is allowed but may not interfere with work responsibilities. Use of NALWDB property or systems for personal financial gain or commercial purposes is strictly prohibited.

### ***C. Data Security and Intellectual Property***

- Users may not copy, alter, or repurpose NALWDB software or files without authorization.
- All intellectual property, data, and communications stored or transmitted on NALWDB systems are the property of the organization.

### ***D. Password Protection***

Users must:

- Maintain strong, confidential passwords
- Not sharing passwords or leave systems logged in and unattended

### ***E. Digital Signatures***

Electronic or digital signatures must be secured and used only by the authorized user. Signatures must be protected with password authentication.

### ***F. Prohibited Technology Uses***

Use of NALWDB systems for the following activities is prohibited:

1. Sending discriminatory, harassing, or offensive content
2. Accessing or distributing pornographic or violent materials
3. Unauthorized access to systems or data
4. Religious proselytizing or political campaigning
5. Chain letters or non-business solicitations



6. Knowingly introducing malware or unauthorized software
7. Disrupting business operations through excessive personal use
8. Misrepresentation of identity or sending anonymous messages

## **Section VI – Disciplinary Action and Reporting**

Violations of this policy may result in:

- Verbal or written warning
- Suspension or termination of employment
- Legal action and/or restitution

Suspected violations must be reported confidentially to:

- Immediate supervisor
- Executive Director
- Board Chair

Retaliation against whistleblowers is strictly prohibited.

## **NALWDB Personnel Policies and Procedures: Timekeeping and Payroll**

### **Section I – Timekeeping**

#### ***A. Accurate Time Reporting***

Accurately recording time worked is a fundamental responsibility of every NALWDB employee. Time worked includes all time spent on the job performing assigned duties.

Federal and state labor laws require NALWDB to maintain precise records of hours worked for all employees. These records are used to determine pay, benefits, and compliance with wage and hour regulations.

Employees must:

- Record the start and end times of each workday
- Record any unpaid breaks or split shifts
- Record the start and end time of any departure from work for personal reasons
- Obtain advance approval for all overtime (non-exempt employees only)

Falsifying, altering, or tampering with time records, including recording time for another employee, is strictly prohibited. Such behavior constitutes a major offense and may result in disciplinary action up to and including termination.

## ***B. Supervisor Responsibilities***

Supervisors are required to:

- Review and verify the accuracy of submitted timesheets
- Be familiar with employees' work habits and time reporting
- Initial all verified timesheets prior to payroll processing

## **Section II – Preparation and Submission of Timesheets**

All NALWDB employees are paid every other week on a bi-weekly payroll cycle. Timesheets must be completed and submitted bi-weekly, corresponding to each pay period, and approved by both the Executive Director and the Fiscal Agent prior to payroll processing.

Timesheets must accurately reflect the actual hours worked and the distribution of time by funding source or cost objective, as required by 2 CFR § 200.430(i) (*Compensation for Personal Services*). Each timesheet must be signed and dated by the employee and the approving supervisor to certify the accuracy and completeness of reported time and activity.

Timesheet Requirements:

1. Reflect all hours worked during the pay period
2. Be completed in ink or electronically
3. Clearly indicate any compensated absences (e.g., vacation, sick leave, holidays)
4. Be signed and dated by the employee
5. Include employee initials next to any supervisor-authorized corrections

Timesheets must be approved by the employee's direct supervisor before submission.

## **Section III – Pay Periods**

NALWDB employees are paid on a bi-weekly basis. Each paycheck reflects compensation for all hours worked during the designated pay period.

- The payroll workweek is defined as beginning at **12:01 a.m. Sunday** and ending at **12:00 midnight the following Saturday**.

## **Section IV – Termination of Employment – see HR Handbook**

Employment termination may occur under the following circumstances:

- **Resignation** – Voluntary decision by the employee to leave NALWDB
- **Discharge** – Termination by NALWDB for performance or conduct issues
- **Layoff** – Involuntary separation due to budgetary or programmatic reasons
- **Retirement** – Voluntary withdrawal from the workforce

- **Unauthorized Absence** – Failure to report to work for three (3) or more days without supervisor approval will be treated as a voluntary resignation. Absences of fewer than three days without approval may result in disciplinary action.

Upon termination, employees will:

- Receive all accrued and payable benefits, in accordance with policy
- Be notified in writing of any benefits continuation rights (e.g., COBRA)

## **Section V – Administrative Pay Corrections**

Employees are responsible for reviewing their pay stubs and reporting any discrepancies immediately. Issues should be directed to the Fiscal Agent’s office. Corrections will be made as quickly as possible upon verification.

## **Section VI – Pay Deductions**

NALWDB complies with all mandatory payroll tax laws. Standard payroll deductions include:

- Federal, state, and local income taxes
- Social Security and Medicare (FICA)
- Court-ordered wage garnishments or levies

NALWDB also offers voluntary deduction programs for eligible employees, such as:

- Health, dental, or life insurance premiums
- Retirement contributions
- Flexible spending accounts or other benefit plans

Questions regarding deductions should be directed at the Fiscal Agent office.

This section will be reviewed annually to ensure continued compliance with wage and hour laws and to support transparent, fair payroll practices across NALWDB.

## **NALWDB Personnel Policies and Procedures: Work Conditions and Hours**

### **Section I – Vacation and Leave**

**A. Vacation (Annual) Leave and Sick Leave** are separate types of leave with distinct purposes and accrual rules. Both are earned on a biweekly basis for all eligible employees beginning on their first day of employment, in accordance with the Fiscal Agent’s personnel policy.

#### **Vacation (Annual) Leave**

Vacation leave is intended for personal time off, such as rest, recreation, or personal business. It is earned based on length of service as follows:

<b>Years of Service</b>	<b>Biweekly Accrual</b>	<b>Equivalent Monthly Accrual</b>
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0–1 year	4 hours per pay period ~8 hours per month
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1–5 years	6 hours per pay period ~12 hours per month
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5+ years	8 hours per pay period ~16 hours per month
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- Employees may carry over a maximum of 240 hours of vacation leave from one fiscal year to the next.
- 8 hours of personal leave are credited annually on July 1 for each employee.

### Sick Leave

Sick leave is intended for illness, injury, medical appointments, or to care for an immediate family member who is ill. It is accrued separately from vacation leave and has no annual cap.

<b>Years of Service</b>	<b>Biweekly Accrual</b>	<b>Equivalent Monthly Accrual</b>
-------------------------	-------------------------	-----------------------------------

0–1 year	4 hours per pay period ~8 hours per month
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1+ years	6 hours per pay period ~12 hours per month
----------	--

- Sick leave accumulates annually without limit and is carried over each year.
- Sick leave is not the same as vacation leave; however, employees may convert sick leave to vacation leave at a rate of 4 hours of sick leave = 1 hour of vacation leave, with prior approval.

### Summary:

Vacation leave provides personal or recreational time off and is capped at 240 hours carryover, while sick leave provides protected time for health-related needs and accrues without a cap. Both types of leave accrue biweekly and are tracked separately in the payroll system.

### ***B. Leave Payout at Termination***

- Employees who resign or are terminated are entitled to all earned vacation time.
- Sick leave is forfeited if the employee has fewer than 10 years of service.
- For employees with 10 or more years of service, unused sick leave is paid on a pro-rated basis upon resignation.

## **Section II – Work Schedules**

### ***A. Standard Work Hours***

- Regular work hours are eight (8) hours per day, five (5) days per week.
- Supervisors will determine start and end times based on operational needs.
- Non-exempt (hourly) employees must receive approval prior to working overtime.
- Exempt employees are expected to maintain a full-time presence but may work flexible hours as needed.

### ***B. Lunch Breaks***

- Employees are entitled to an unpaid lunch break of up to one (1) hour per workday.
- Meal periods are scheduled by supervisors and employees are relieved of all duties during this time.

## **Section III – Attendance and Punctuality**

NALWDB values reliability and expects employees to maintain regular attendance. Unexcused absences or chronic tardiness negatively affect team productivity and will result in disciplinary action.

- Employees must notify supervisors in advance of anticipated absences or lateness.
- Full-time employees are expected to provide an honest and diligent 40 hours of work per week.

### ***Unauthorized Absences***

- Absences of three (3) consecutive days without supervisor approval will be treated as a voluntary resignation.
- Repeated short-term absences without approval may lead to disciplinary measures, up to and including termination.

## **Section IV – Inclement Weather / Storm Policy**

In the event of severe weather or hazardous conditions affecting the Northern Area, the NALWDB office will follow local public safety guidance and may close, or delay operations as determined by the Executive Director.

If the State of New Mexico offices or county offices within the Northern Area (e.g., Taos, San Miguel, Mora, Rio Arriba, etc.) are closed due to weather, the NALWDB office will generally close as well. Staff will be notified of any closure or modified work schedule by the Executive Director through established communication channels (e.g., email, phone, or text).

Remote work may be authorized, when feasible, to ensure continuity of essential operations during weather-related closures. Employees will not be penalized for absences during officially declared closures or delays authorized by the Executive Director.

### **Time Reporting During Weather Closures:**

- Full-day absence: record as vacation time (if office is later closed, this time remains vacation).
- Early closures: staff working during the closure will be paid for the full day.
- Work-from-home arrangements must be approved in advance.

Employees are expected to prioritize personal safety and use judgment when making travel decisions during adverse weather.

### **Section V – Use of Telephones and Mail Systems**

#### ***A. Telephone Use***

- NALWDB telephones and communication systems are intended primarily for official business use. Occasional personal calls are permitted if they are infrequent, brief, and do not interfere with work duties or result in additional cost to the organization.
- A personal call is defined as any non-business call that does not directly relate to NALWDB operations, programs, or authorized work activities. Examples include calls to family members, friends, or personal service providers.
- If personal long-distance or toll calls result in charges exceeding \$5.00 per month, the employee must reimburse NALWDB for the actual cost. The Fiscal Agent will identify such charges through itemized billing, notify the employee, and issue an invoice for reimbursement. Payment must be remitted within the next pay period or as otherwise arranged with the Fiscal Agent.
- All telephone records are subject to periodic review to ensure compliance with 2 CFR § 200.404 (Reasonable Costs) and organizational internal control procedures.

#### ***B. Mail and Delivery Services***

- Personal use of NALWDB mail or courier services is prohibited.
- All mail received, regardless of format (paper, disk, email, etc.) must be date-stamped and logged.
- Confidential mail marked “Private,” “Confidential,” or “Personal” will be forwarded unopened to the addressee.

### **Section VI – Tobacco-Free Workplace**

- NALWDB maintains a smoke-free building and campus, including entrances and private offices.
- This policy applies to all staff, clients, contractors, and visitors.

## **Section VII – Cellular Phone Usage**

### ***A. Use While Driving***

NALWDB does not maintain company-owned vehicles. This policy applies to the use of personal vehicles by employees conducting official NALWDB business.

- Employees must refrain from using handheld cellular devices while driving on NALWDB business.
- Bluetooth or hands-free use is permitted; however, safety must always take precedence over communication. Employees are encouraged to pull over safely before placing or receiving calls whenever possible.
- Any employee cited for traffic violations or involved in an incident while using a phone during business-related travel is personally responsible for all associated legal and financial consequences.
- Violations of this policy may result in disciplinary action.

### ***B. Personal Cell Phone Use***

- Personal calls must be limited to avoid disruption and loss of productivity.
- Personal phones should not interfere with daily responsibilities.

This section shall be reviewed annually and included in new hire orientation to ensure consistent understanding of expectations regarding workplace behavior, scheduling, and employee safety.

## **Section VIII – Business Travel Expenses**

### **A. Purpose**

This policy governs the approval, management, and reimbursement of business travel expenses incurred by staff, board members, and other authorized personnel of the Northern Area Local Workforce Development Board (NALWDB). It ensures consistency, transparency, and compliance with 2 CFR Part 200 Uniform Guidance, IRS accountable plan rules, and applicable state travel policies. Reimbursements will be issued only for necessary, reasonable, and allowable travel expenses incurred while conducting official NALWDB business. Employees shall neither incur a financial loss nor realize a personal gain from such travel.

### **B. Travel Approval and Employee Responsibility**

- All in-state and out-of-state travel must receive written pre-approval from the employee's supervisor or the Executive Director.
- For board member or Executive Director travel, prior written approval must be obtained from the Board Ch.

- Employees are responsible for planning travel responsibly, submitting complete and accurate expense documentation, and complying with this policy.
- Failure to obtain proper pre-approval or submit required documentation may result in denial of reimbursement.

### **C. Travel Planning Guidelines**

- Travel must be arranged in advance to secure the most cost-effective transportation and lodging.
- Employees are expected to avoid non-refundable fares or high-cost bookings unless clearly justified.
- Travelers must promptly cancel reservations to prevent unnecessary charges. NALWDB will not reimburse avoidable penalties due to negligence or lack of cancellation.

### **D. Air Travel**

- All air travel must be in the least expensive unrestricted economy class available, in accordance with 2 CFR § 200.475(e).
- Upgrades (e.g., Early Bird, business class) are not reimbursable unless medically necessary and pre-approved in writing.
- Airfare must be booked at least 21 days in advance whenever feasible to secure lower fares.
- Change or cancellation fees will not be reimbursed unless justified and pre-approved.

### **E. Use of Personal Vehicles**

- Personal vehicle mileage is reimbursed at the NM rate 1.5.9 NMAC.
- Mileage claims must include the purpose of the trip, travel dates, and a point-to-point log or mapping tool printout (e.g., Google Maps).
- Fuel, insurance, vehicle wear, or repairs are not reimbursable.
- The traveler is responsible for all fines or citations incurred while traveling.

### **F. Parking and Tolls**

- Long-term parking should be used unless shorter-term options are cost-justified.
- Parking and toll expenses are reimbursable with original receipts.
- Valet parking is not reimbursable unless no alternative is available and justification is provided.

### **G. Lodging**

- Lodging must be reasonable, not excessive or luxury-class, and based on federal per diem limits for the destination (see GSA.gov).
- Travelers should request government or group rates when booking.
- Lodging reimbursements must include an itemized hotel folio.



- Shared lodging may be considered to reduce costs, provided it does not compromise safety or privacy.

## **H. Meals and Incidental Expenses (M&IE)**

- Reimbursement for meals will follow U.S. General Services Administration (GSA) per diem rates, which vary by destination and are updated annually.
- Reimbursements must account for any meals provided at conferences, meetings, or events to prevent duplication of costs.
- Alcohol, gratuities above standard tipping guidelines, and non-meal personal expenses are not reimbursable.
- When meals are provided, the per diem will generally be reduced by the appropriate percentage (25% for breakfast, 25% for lunch, and 50% for dinner).
- If an employee cannot consume a provided meal for valid reasons such as a documented food allergy, medical dietary restriction, religious accommodation, or other substantiated dietary limitations, the employee may request full per diem reimbursement for that meal.
- The reason must be clearly noted on the travel reimbursement form and approved by the Executive Director or Fiscal Agent to ensure compliance with 2 CFR § 200.474 (Travel Costs) and consistency in application.

**Examples of valid reasons** include, but are not limited to:

- Food allergies (e.g., shellfish, peanuts, gluten intolerance)
- Medical dietary restrictions (e.g., diabetes, low-sodium diet)
- Religious or cultural dietary requirements (e.g., kosher, halal, fasting observances)

## **I. Reimbursement and Documentation Procedures**

- Travel reimbursement requests must be submitted within ten (10) business days after the completion of travel.
- Requests must include:
  - Pre-approval documentation
  - Original itemized receipts for all claimed expenses (excluding per diem)
  - Justification for any exception (e.g., early check-in, upgraded fare)
  - A signed travel reimbursement form
- All travel claims are subject to audit. Costs found unallowable under 2 CFR Part 200 or this policy will not be reimbursed.

## **J. Compliance and Corrective Action**

- Travel advances, if issued, must be reconciled within ten (10) business days of return. Any unused advance funds must be returned within 30 days.
- Failure to submit required documentation, or to repay unused advances, may result in disciplinary action or payroll deduction.
- Repeat violations of this policy may be referred for further administrative review.

***J. Reference to Travel Policy***

For further procedures, refer to the [www.northernboard.gov](http://www.northernboard.gov) Travel Policy; HR Handbook and <https://www.gsa.gov/travel/plan-book/per-diem-rates>

Approved and adopted by the Northern Area Local Workforce Development Board on this 22 day of October, **2025**.

  
\_\_\_\_\_  
Joseph Weathers (Oct 23, 2025 16:51:17 CDT)

BOARD CHAIR

10/23/25  
\_\_\_\_\_

DATE






# Approved Policy: 9. File\_ Financial Policy and Procedures updated 10.14.25

Final Audit Report

2025-10-23

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