

UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS

FINANCIAL MANUAL



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INTRODUCTION

Upper Coastal Plain Council of Governments (UCPCOG) is a lead planning organization comprising five (5) county governments and forty (40) municipal governments that hold membership in the COG. Working under the direction of locally elected officials of these member governments, the staff plans and administers a variety of federal, state, and local programs and services.

The following financial manual is intended to provide an overview of the accounting and agency policies and procedures applicable to the UCPCOG. Its purpose is to ensure that assets are safeguarded, financial statements are in conformity with generally accepted accounting principles, and that finances are managed with responsible stewardship. The policy of the UCPCOG's finance department is to establish and maintain a financial system that meets the needs and requirements of grantors, federal and state agencies, local government members and employees. This includes cash receipts, disbursements, payroll, budgeting, and related reporting.

The contents of this manual were approved and adopted as official policy of the Upper Coastal Plain Council of Governments by the Board of Directors on _____, under direction of the Finance Director. All employees from the UCPCOG are bound by the policies and procedures herein, and any deviation from established policy is prohibited.

BUSINESS CONDUCT POLICY

Practice of Ethical Behavior:

Unethical actions, or the appearance of unethical actions, are unacceptable under any condition. The policies and reputation of the UCPCOG depend to a very large extent on the following considerations.

The Executive Director and employees of UCPCOG shall be held accountable to the highest standards of professional conduct and ethics. All programs and activities of the UCPCOG shall be conducted to reflect these standards and adhere to all applicable North Carolina local government ethic laws enacted by the North Carolina General Assembly.

Each employee must apply her/his own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. It is each employee's responsibility to apply common sense in business decisions where specific rules do not provide all the answers.

In determining compliance with this standard in specific situations, employees should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with the UCPCOG policy?
4. Am I sure my action does not appear inappropriate?
5. Am I sure that I would not be embarrassed or compromised if my action became known with the Organization or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?

Each employee should be able to answer "yes" to all of these questions before acting.

The Executive Director, Department Directors and Supervisors are responsible for the ethical business behavior of her/his subordinates. The Executive Director, Directors and Supervisors must carefully weigh all courses of action suggested in ethical as well as economic terms and base their final decisions on the guidelines provided by this policy as well as their personal sense of right and wrong.

Compliance with Laws, Regulations and Organization Policies

The UCPCOG does not tolerate the willful violation or circumvention of any Federal, State or Local law by an employee during the course of that person's employment; nor does the UCPCOG

tolerate the disregard or circumvention to their policies or engagement in unscrupulous dealings. Employees should not attempt to accomplish by indirect means, through agents or intermediaries, which is directly forbidden. Implementation.

Disciplinary Action

Failure to comply with the standards contained in this policy will result in disciplinary action as outlined in the UCPCOG's personnel policy.

Violation of Policy

The following actions shall constitute a violation of this policy:

- Authorizing or participating directly in actions that are a violation of this policy.
- Deliberately failing to report a violation or deliberately withholding relevant and material information concerning a violation of this policy.
- Retaliation, directly or indirectly, or encouraging others to do so, against any employee who reports a violation of this policy. This shall apply to the Executive Director, Directors and Supervisors.

FRAUD, WASTE, AND ABUSE POLICY

The UCPCOG is committed to its duty to ensure effective stewardship of federal, state, and local funding and other assets and resources for which we are responsible. It is the policy of the UCPCOG to prevent and deter all forms of fraud, waste, and abuse that could threaten the security of our assets or our reputation. The UCPCOG is committed to the prevention, detection, investigation, and corrective action relative to this policy. This policy applies to all UCPCOG employees, volunteers, temporary staff, contractors, and vendors to the extent that any agency resources are committed or used. The agency will make all efforts to recover assets lost to those committing fraud, waste, or abuse.

UCPCOG employees must, at all times, comply with all applicable laws and regulations. The UCPCOG will not tolerate the activities of employees who achieve results through violation of the law or unethical business dealings. The UCPCOG does not permit any activity that fails to stand the closest possible scrutiny.

This policy sets out specific guidelines and responsibilities regarding appropriate actions that must be followed for the investigation of fraud, waste, or abuse and other similar irregularities.

Definitions

Abuse: intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of UCPCOG resources.

Asset Inventory Misuse: converting UCPCOG assets/inventory for personal use i.e. gas, vehicles, office supplies, etc.

Asset Misappropriation: theft or misuse of UCPCOG assets.

Bribery: offering, giving, receiving, or soliciting of anything of value to influence an official act or a business decision.

Cash Larceny: cash stolen from the UCPCOG after recording on the UCPCOG books.

Conflict of Interest: undisclosed economic or personal interest in a transaction that adversely affects the UCPCOG.

Corruption: wrongful use of influence to procure a benefit to self or another person contrary to duty to the UCPCOG.

Economic Extortion: employee demand of pay to influence an official act or a business decision.

Fraud, waste, and abuse: any illegal act characterized by deceit, concealment, or violation of trust. Fraud, waste, and abuse is perpetrated by parties or organizations to obtain money, property, or services; to avoid payment or loss of services; or to secure personal or business gain.

Fraud, waste, and abuse may involve:

- Any dishonest act,
- Falsification or alteration of UCPCOG documents or computer files,
- Misappropriation of assets, such as, but not limited to, money, office supplies, equipment, etc.,
- Accepting or seeking anything of value from contractors, vendors, grantees, or other persons in exchange for favorable treatment,
- Authorizing receipt of payment for goods not received or services not performed.

Fraudulent Cash Disbursements: disbursement of funds through trick or device i.e. false invoices, time records, expense reports, check tampering etc.

Fraudulent Statements: purposeful falsification of an organization's financial statements.

Illegal Gratuities: person benefiting from an official act or a business decision who gives a gift to a person who made the decision.

Larceny: stealing assets/inventory from the UCPCOG.

Occupational Fraud, waste, and abuse: the use of one's occupation, title, or authority for personal enrichment through misuse or misapplication of employer's resources or assets.

Other similar irregularities: any activity involving questionable behavior or business dealings that put UCPCOG revenue, property, information, and other assets at risk of waste or abuse.

Skimming: cash stolen from the UCPCOG before recording on UCPCOG books.

Waste: the intentional or unintentional, thoughtless, or careless expenditure, consumption, mismanagement, use, or squandering of UCPCOG resources to the detriment or potential detriment of the UCPCOG.

Reporting Fraud, waste, or abuse

Employees should report any suspicions of fraud, waste, and abuse directly to their department director. To allow proper investigation of the information reported, employees should provide as much detail as possible concerning who, what, when, where and how.

WHO – identify the person(s), company, or organization involved.

WHAT – describe in as much detail as possible what occurred.

WHERE – list department, programs, or individuals affected.

WHEN – provide dates or time-period during which the event(s) occurred.

HOW – describe how you learned about event(s) and how the event(s) occurred, if known.

ADDITIONAL INFORMATION – identify any potential witnesses and list the name and location of any supporting documents and information. Make certain to provide your name and contact information, if willing – an investigation may be limited if we cannot contact you with follow up questions.

Responsibilities

UCPCOG will investigate any acts of fraud, waste, or abuse, or other similar irregularities. Department heads are responsible for instituting and maintaining internal controls.

UCPCOG Executive Director will be notified of allegations of fraud, waste, and abuse and notify UCPCOG Board of Directors.

UCPCOG Executive Director is subject to the advice of the UCPCOG Attorney.

Investigation results will be reported to UCPCOG Attorney and UCPCOG Executive Director.

UCPCOG Attorney will pursue reasonable efforts to obtain recovery of UCPCOG losses and possible criminal referral.

Procedures

Any employee who has knowledge of an occurrence of irregular conduct or has reason to suspect that fraud, waste, or abuse has occurred, shall immediately notify his/her supervisor or the UCPCOG Executive Director. If the employee has reason to believe their supervisor may be involved or does not feel comfortable reporting the occurrence to their supervisor, the employee shall immediately notify the UCPCOG Executive Director.

Employees have a duty to cooperate during an investigation. Any employee who knowingly makes false allegations will be subject to discipline and or termination.

Whistle-Blower Protection will be accorded in accordance with appropriate laws and ordinances, including, but not limited to N.C.G.S. 126, Article 14. When federal funds are involved, refer to 41 U.S.C.471.

Under 41 U.S.C. § 4712, employees of Government contractors, subcontractors, grantees, and subgrantees—as well as personal services contractors—who make a protected disclosure about a Federal grant or contract cannot be discharged, demoted, or otherwise discriminated against as long as they reasonably believe the information they disclose is evidence of:

1. Violation of a law, rule, or regulation related to a federal contract or grant.
2. Gross mismanagement of a federal contract or grant.
3. Gross waste of Federal funds.
4. Abuse of authority relating to a federal contract or grant.
5. Substantial and specific danger to public health or safety.

The UCPCOG will protect employees who act in accordance with the requirements of this policy from acts of coercion, intimidation, threats of termination, discipline, or suspension.

Upon notification from an employee of suspected fraud, waste, or abuse, or if management has reason to suspect that fraud, waste, or abuse has occurred, they shall immediately notify the UCPCOG Executive Director.

Upon notification or discovery of suspected fraud, waste, or abuse, the UCPCOG Executive Director will promptly investigate the suspected fraud, waste, or abuse. In all circumstances, where there are reasonable grounds to indicate that fraud, waste, or abuse may have occurred, the UCPCOG Executive Director will inform the UCPCOG Attorney. Subject to the advice of the UCPCOG Attorney, the UCPCOG Executive Director will contact the proper legal authorities.

UCPCOG Executive Director shall take immediate action to secure any evidence and prevent the theft, alteration, or destruction of relevant records. Such actions include, but are not limited to, removing the records and placing them in a secure location, limiting access to the location where the records currently exist, and preventing the individual suspected of committing the fraud, waste, or abuse from having access to the records. If suspicion of fraud, waste, or abuse is substantiated by the investigation, disciplinary action, in accordance with local law shall be taken by the appointed authority, in consultation with the UCPCOG Executive Director and UCPCOG Attorney.

Media Issues

Any UCPCOG employee contacted by the media with respect to alleged fraud, waste, or abuse or audit investigation shall refer the media to the UCPCOG Executive Director. The alleged fraud, waste, or abuse or audit investigation shall not be discussed with the media by any person other than through the UCPCOG Executive Director, in consultation with the UCPCOG Attorney.

Documentation

At the conclusion of the investigation, the results will be reported to the UCPCOG Executive Director, UCPCOG Board of Directors, UCPCOG Attorney and others as determined necessary. If the report concludes that the allegations are founded, the report will be forwarded to the appropriate authority for further course of action.

Reporting to External Administrators

The UCPCOG Attorney will report to the external auditors of the UCPCOG all information relating to investigations.

CONFLICT OF INTEREST POLICY - CSLFRF

APPLICABLE TO CONTRACTS AND SUBAWARDS OF UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS SUPPORTED BY FEDERAL FINANCIAL ASSISTANCE Related to the Coronavirus Local Fiscal Recovery Funds (CSLFRF) and other awards.

Scope of Policy

Purpose of Policy. This Conflict of Interest Policy (“*Policy*”) establishes conflict of interest standards that (1) apply when UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS (“*UCPCOG*”) enters into a Contract (as defined in Section II hereof) or makes a Subaward (as defined in Section II hereof), and (2) meet or exceed the requirements of North Carolina law and 2 C.F.R. § 200.318(c).

Application of Policy. This Policy shall apply when the UCPCOG (1) enters into a Contract to be funded, in part or in whole, by Federal Financial Assistance to which 2

C.F.R. § 200.318(c) applies, or (2) makes any Subaward to be funded by Federal Financial Assistance to which 2 C.F.R. § 200.318(c) applies. If a federal statute, regulation, or the terms of a financial assistance agreement applicable to a particular form of Federal Financial Assistance conflicts with any provision of this Policy, such federal statute, regulation, or terms of the financial assistance agreement shall govern.

Definitions

Capitalized terms used in this Policy shall have the meanings ascribed thereto in this Section II: Any capitalized term used in this Policy but not defined in this Section II shall have the meaning set forth in 2 C.F.R. § 200.1.

“*COI Point of Contact*” means the individual identified in Section III(a) of this Policy.

“*Contract*” means, for the purpose of Federal Financial Assistance, a legal instrument by which the UCPCOG purchases property or services needed to carry out a program or project under a Federal award.

“*Contractor*” means an entity or individual that receives a Contract.

“*Covered Individual*” means a Public Officer, employee, or agent of the UCPCOG.

“*Covered Nonprofit Organization*” means a nonprofit corporation, organization, or association, incorporated or otherwise, that is organized or operating in the State of North Carolina primarily for religious, charitable, scientific, literary, public health and safety, or educational purposes,

excluding any board, entity, or other organization created by the State of North Carolina or any political subdivision of the State (including the UCPCOG).

“Direct Benefit” means, with respect to a Public Officer or employee of the UCPCOG, or the spouse of any such Public Officer or employee, (i) having a ten percent (10%) ownership interest or other interest in a Contract or Subaward; (ii) deriving any income or commission directly from a Contract or Subaward; or (iii) acquiring property under a Contract or Subaward.

“Federal Financial Assistance” means Federal financial assistance that the UCPCOG receives or administers in the form of grants, cooperative agreements, non-cash contributions or donations of property (including donated surplus property), direct appropriations, food commodities, and other Federal financial assistance (except that the term does not include loans, loan guarantees, interest subsidies, or insurance).

“Governing Board” means the General Membership Board of the UCPCOG.

“Immediate Family Member” means, with respect to any Covered Individual, (i) a spouse, and parents thereof, (ii) a child, and parent thereof, (iii) a parent, and spouse thereof, (iv) a sibling, and spouse thereof, (v) a grandparent and grandchild, and spouses thereof, (vi) domestic partners and parents thereof, including domestic partners of any individual in (ii) through (v) of this definition; and (vii) any individual related by blood or affinity whose close association with the Covered Individual is the equivalent of a family relationship.

“Involved in Making or Administering” means (i) with respect to a Public Official or employee, (a) overseeing the performance of a Contract or Subaward or having authority to make decisions regarding a Contract or Subaward or to interpret a Contract or Subaward, or (b) participating in the development of specifications or terms or in the preparation or award of a Contract or Subaward, (ii) only with respect to a Public Official, being a member of a board, commission, or other body of which the Public Official is a member, taking action on the Contract or Subaward, whether or not the Public Official actually participates in that action.

“Pass-Through Entity” means a non-Federal entity that provides a Subaward to a Subrecipient to carry out part of a Federal program.

“Public Officer” means an individual who is elected or appointed to serve or represent the UCPCOG (including, without limitation, any member of the Governing Board), other than an employee or independent contractor of the UCPCOG.

“Recipient” means an entity, usually but not limited to a non-Federal entity, that receives a Federal award directly from a Federal awarding agency. The term does not include Subrecipients or individuals that are beneficiaries of the award.

“Related Party” means (i) an Immediate Family Member of a Covered Individual, (ii) a partner of a Covered Individual, or (iii) a current or potential employer (other than the UCPCOG) of a Covered Individual, of a partner of a Covered Individual, or of an Immediate Family Member of a Covered Individual.

“Subaward” means an award provided by a Pass-Through Entity to carry out part of a Federal award received by the Pass-Through Entity. It does not include payments to a contractor or payments to a contractor or payments to an individual that is a beneficiary of a Federal program.

“Subcontract” means mean any agreement entered into by a Subcontractor to furnish supplies or services for the performance of a Contract or a Subcontract. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders.

“Subcontractor” means an entity that receives a Subcontract.

“Subrecipient” means an entity, usually but not limited to a non-Federal entity, that receives a subaward from a Pass-Through Entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

“UCPCOG” has the meaning specified in Section I hereof.

Point of Contact.

Appointment of COI Point of Contact. Department Directors, [employees] of the UCPCOG, shall have primary responsibility for managing the disclosure and resolution of potential or actual conflicts of interest arising under this Policy. In the event that a director is unable to serve in such capacity, Kelly Lancaster shall assume responsibility for managing the disclosure and resolution of conflicts of interest arising under this Policy. The individual with responsibility for managing the disclosure and resolution of potential or actual conflicts of interest under this Section III(a) shall be known as the *“COI Point of Contact”*.

Distribution of Policy. The COI Point of Contact shall ensure that each Covered Individual receives a copy of this Policy.

Conflict of Interest Standards in Contracts and Subawards

North Carolina Law. North Carolina law restricts the behavior of Public Officials and employees of the UCPCOG involved in contracting on behalf of the UCPCOG. The UCPCOG shall conduct the selection, award, and administration of Contracts and Subawards in accordance with the prohibitions imposed by the North Carolina General Statutes and restated in this Section III.

G.S. § 14-234(a)(1). A Public Officer or employee of the UCPCOG Involved in Making or Administering a Contract or Subaward on behalf of the UCPCOG shall not derive a Direct Benefit from such a Contract or Subaward.

G.S. § 14-234(a)(3). No Public Officer or employee of the UCPCOG may solicit or receive any gift, favor, reward, service, or promise of reward, including but not limited to a promise of future employment, in exchange for recommending, influencing, or attempting to influence the award of a Contract or Subaward by the UCPCOG.

G.S. § 14-234.3. If a member of the Governing Board of the UCPCOG serves as a director, officer, or governing board member of a Covered Nonprofit Organization, such member shall not (1) deliberate or vote on a Contract or

Subaward between the UCPCOG and the Covered Nonprofit Corporation, (2) attempt to influence any other person who deliberates or votes on a Contract or Subaward between the UCPCOG and the Covered Nonprofit Corporation, or (3) solicit or receive any gift, favor, reward, service, or promise of future employment, in exchange for recommending or attempting to influence the award of a Contractor Subaward to the Covered Nonprofit Organization.

G.S. § 14-234.1. A Public Officer or employee of the UCPCOG shall not, in contemplation of official action by the Public Officer or employee, or in reliance on information which was made known to the public official or employee and which has not been made public, (1) acquire a pecuniary interest in any property, transaction, or enterprise or gain any pecuniary benefit which may be affected by such information or other information, or (2) intentionally aid another in violating the provisions of this section.

Federal Standards.

Prohibited Conflicts of Interest in Contracting. Without limiting any specific prohibition set forth in Section IV(a), a Covered Individual may not participate in the selection, award, or administration of a Contract or Subaward if such Covered Individual has a real or apparent conflict of interest.

Real Conflict of Interest. A real conflict of interest shall exist when the Covered Individual or any Related Party has a financial or other interest in or a tangible personal benefit from a firm considered for a Contract or Subaward. Exhibit A attached hereto provides a non-exhaustive list of examples of (i) financial or other interests in a firm considered for a Contract or Subaward, and (ii) tangible personal benefits from a firm considered for a Contract or Subaward.

Apparent Conflict of Interest. An apparent conflict of interest shall exist where a real conflict of interest may not exist under Section IV(b)(i)(1), but where a reasonable person with knowledge of the relevant facts would find that an existing situation or relationship creates the appearance

that a Covered Individual or any Related Party has a financial or other interest in or a tangible personal benefit from a firm considered for a Contract or Subaward.

Identification and Management of Conflicts of Interest.

Duty to Disclose and Disclosure Forms

Each Covered Individual expected to be or actually involved in the selection, award, or administration of a Contract or Subaward has an ongoing duty to disclose to the COI Point of Contact potential real or apparent conflicts of interest arising under this Policy.

Prior to the UCPCOG's award of a Contract or Subaward, the COI Point of Contact shall advise Covered Individuals expected to be involved in the selection, award, or administration of the Contractor Subaward of such duty.

If the value of a proposed Contract or Subaward exceeds \$250,000, the COI Point of Contact shall collect a Conflict of Interest Disclosure Form contained in Exhibit C (for Contracts) and Exhibit E (for Subawards) from each Covered Individual and file such Conflict of Interest Disclosure Form in records of the UCPCOG.

Identification Prior to Award of Contract or Subaward.

Prior to the UCPCOG's award of a Contract or Subaward, the COI Point of Contact shall complete the appropriate Compliance Checklist contained in Exhibit B (for Contracts) and Exhibit D (for Subawards) attached hereto and file such Compliance Checklist in the records of the UCPCOG.

Management Prior to Award of Contract or Subaward

If, after completing the Compliance Checklist, the COI Point of Contact identifies a potential real or apparent conflict of interest relating to a proposed Contract or Subaward, the COI Point of Contact shall disclose such finding in writing to the Executive Director and to the Governing Board. If the Governing Board desires to enter into the proposed Contract or Subaward despite the identification by the COI Point of Contact of a potential real or apparent conflict of interest, it may either:

accept the finding of the COI Point of Contact and direct the COI Point of Contact to obtain authorization to enter into the Contract or Subaward from (a) if UCPCOG is a Recipient of Federal Financial Assistance, the Federal awarding agency with appropriate mitigation measures, or (b) if UCPCOG is a Subrecipient of Federal Financial Assistance, from the Pass-Through Entity that provided a Subaward to UCPCOG; or

reject the finding of the COI Point of Contact and enter into the Contract or Subaward. In rejecting any finding of the COI Point of Contact, the Governing Board shall in writing document a justification supporting such rejection.

If the COI Point of Contact does not identify a potential real or apparent conflict of interest relating to a proposed Contract or Subaward, the UCPCOG may enter into the Contract or Subaward in accordance with the UCPCOG's purchasing or subaward policy.

Identification After Award of Contract or Subaward.

If the COI Point of Contact discovers that a real or apparent conflict of interest has arisen after the UCPCOG has entered into a Contract or Subaward, the COI Point of Contact shall, as soon as possible, disclose such finding to the Executive Director and to the Governing Board. Upon discovery of such a real or apparent conflict of interest, the UCPCOG shall cease all payments under the relevant Contract or Subaward until the conflict of interest has been resolved.

Management After Award of Contract or Subaward.

Following the receipt of such disclosure of a potential real or apparent conflict of interest pursuant to Section IV(b)(ii)(4), the Governing Board may reject the finding of the COI Point of Contact by documenting in writing a justification supporting such rejection. If the Governing Board fails to reject the finding of the COI Point of Contact within 15 days of receipt, the COI Point of Contact shall:

if UCPCOG is a Recipient of Federal Financial Assistance funding the Contract or Subaward, disclose the conflict to the Federal awarding agency providing such Federal Financial Assistance in accordance with 2 C.F.R.

§ 200.112 and/or applicable regulations of the agency, or

if UCPCOG is a Subrecipient of Federal Financial Assistance, disclose the conflict to the Pass-Through Entity providing a Subaward to UCPCOG in accordance with 2 C.F.R. § 200.112 and applicable regulations of the Federal awarding agency and the Pass-Through Entity.

Oversight of Subrecipient's Conflict of Interest Standards

Subrecipients of UCPCOG Must Adopt Conflict of Interest Policy. Prior to the UCPCOG's execution of any Subaward for which the UCPCOG serves as a Pass-Through Entity, the COI Point of Contact shall ensure that the proposed Subrecipient of Federal Financial Assistance has adopted a conflict of interest policy that satisfies the requirements of 2 C.F.R. § 200.318(c)(1), 2 C.F.R. § 200.318(c)(2), and all other applicable federal regulations.

Obligation to Disclose Subrecipient Conflicts of Interest. The COI Point of Contact shall ensure that the legal agreement under which the UCPCOG makes a Subaward to a Subrecipient shall require such Subrecipient to disclose to the COI Point of Contact any potential real or apparent conflicts of interest that the Subrecipient identifies. Upon receipt of such disclosure, the COI

Point of Contact shall disclose such information to the Federal awarding agency that funded the Subaward in accordance with that agency's disclosure policy.

Gift Standards

Federal Standard. Subject to the exceptions set forth in Section VI(b), a Covered Individual may not solicit or accept gratuities, favors, or anything of monetary value from a Contractor or a Subcontractor.

Exception. Notwithstanding Section VI(a), a Covered Individual may accept an unsolicited gift from a Contractor or Subcontractor of one or more types specified below if the gift has an aggregate market value of \$20 or less per source per occasion, provided that the aggregate market value of all gifts received by the Covered Individual pursuant to this Section VI(b) does not exceed \$50 in a calendar year:

honorariums for participating in meetings;

advertising items or souvenirs of nominal value; or meals furnished at banquets.

Internal Reporting. A Covered Individual shall report any gift accepted under Section VI(b) to the COI Point of Contact. If required by regulation of a Federal awarding agency, the COI Point of Contact shall report such gifts to the Federal awarding agency or a Pass-Through Entity for which the UCPCOG is a Subrecipient.

Violations of Policy

Disciplinary Actions for Covered Individuals. Any Covered Individual that fails to disclose a real, apparent, or potential real or apparent conflict of interest arising with respect to the Covered Individual or Related Party may be subject to disciplinary action, including, but not limited to, an employee's termination or suspension of employment with or without pay, the consideration or adoption of a resolution of censure of a Public Official by the Governing Board, or termination of an agent's contract with the UCPCOG.

Disciplinary Actions for Contractors and Subcontractors. The UCPCOG shall terminate any Contract with a Contractor or Subcontractor that violates any provision of this Policy.

Protections for Whistleblowers. In accordance with 41 U.S.C. § 4712, the UCPCOG shall not discharge, demote, or otherwise discriminate against an employee in reprisal for disclosing to any of the list of persons or entities provided below, information that the employee reasonably believes is evidence of gross mismanagement of a federal contract or grant, a gross waste of federal funds, an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant: (i) a member of

Congress or a representative of a committee of Congress; (ii) an Inspector General; (iii) the Government Accountability Office; (iv) a Treasury or other federal agency employee responsible for grant oversight or management; (v) an authorized official of the Department of Justice or other law enforcement agency; (vi) a court or grand jury; of (vii) a management official or other employee of the UCPCOG, a Contractor, or Subcontractor who has the responsibility to investigate, discover, or address misconduct.

* * * * * Adopted this 21st day of June 2022

Upper Coastal Plain Council of Governments (UCPCOG) Credit Card Program

Introduction

UCPCOG recognizes the use of credit cards is a customary and economical business practice to improve cash management, reduce costs, and increase efficiency. UCPCOG also recognizes the use of credit cards to be an appropriate and useful means of making payment for various types of purchases; some examples may include travel expenses, agency supplies, subscriptions, online purchases, and recurring vendor payments (where appropriate).

The Executive Director shall implement and administer the following procedures and processes related to the use of credit cards by UCPCOG employees.

Distribution

The Executive Director will determine which UCPCOG employees will be issued credit cards.

Authorization & Control

Executive Director

The Executive Director or his/her designee will be the responsible authority acting as the UCPCOG Credit Card Administrator (The Administrator).

UCPCOG Credit Card Administrator

The Administrator will be responsible for the overall administration of the credit card program by reviewing, reporting, and coordinating all aspects of the program. The Administrator will act as the liaison between the card issuer and the individual UCPCOG credit cardholders.

Employee (Cardholder)

Before being issued a UCPCOG Credit Card, each employee will be required to sign the UCPCOG Credit Card User Agreement (see Exhibit A) acknowledging that they have read and understand this policy, that they understand violation of the policy will subject them to disciplinary action including termination of employment, and that in the event they make any unauthorized charges they expressly authorize UCPCOG to deduct the amount of unauthorized charges from any wages or other sums due or to become due to the employee from UCPCOG.

Federal, State and Local Compliance

The use of credit cards shall fully comply with all applicable federal, state and local requirements governing the purchase of goods and services, specifically including, without limitation, UCPCOG's adopted Procurement Policy.

Approved Uses for Credit Card Purchases

The use of the UCPCOG Credit Card is for facilitating purchases pursuant to the UCPCOG Procurement and Personnel Policies. All credit card purchases shall only be made for budgeted expenditures authorized by the UCPCOG Board at the time of the purchase (current year budget).

Examples of allowable purchases may include advance payment of airline fares, lodging, registration fees, tuition, conferences, meals, online training, internet purchases and emergency purchases in the field. Authorized users may use their card for pre-approved one-time or recurring purchases from vendors. The use of the card for these purchases will be for timeliness and/or online access to goods and services not available through existing purchase policy processes (checks).

The following shall be considered when using the UCPCOG credit card:

- Identify goods and services required to perform job-related task.
- Determine if purchase is within your credit card limits.
- Ensure that the items are not on the disallowed charges list in the following section.
- Obtain pricing and in-stock availability and only order items that are immediately available.
- Follow any related requirements under the UCPCOG procurement policy.
- Ensure that the vendor immediately processes the purchase and provides a detailed copy of the credit card purchase receipt.
- Retain all receipts, packing lists and backup authorizing documents and turn them into the Finance Director as soon as available.

It is required that all credit card receipts and/or other documents identifying the credit card expenditures be in complete detail including the program or project to be charged for the expenditure.

Employees are responsible to act in the best interest of the UCPCOG and actions must not show, or appear to show, personal favoritism to a vendor at the expense of UCPCOG.

Disallowed Charges

Types of Disallowed Charges. The following uses are not authorized credit card purchases:

- Capital equipment (unless approved by the Executive Director)
- Personal items and services
- Cash advances of any kind
- Alcoholic beverages

- Money orders/travelers checks/gift cards
- Charges made without pre-approval.

Procedure to be used when disallowed charges have been incurred.

Any charges against the credit card that are not properly identified as required by this Policy on the expense voucher/invoice or not allowed following the audit of the invoice by the finance director, shall be paid by the employee by check, U.S. currency or salary deduction. If, for any reason, disallowed charges are not repaid before the charge card billing is due and payable, UCPCOG has a right to withhold any and all funds payable or to become payable to the official or employee, in an amount up to the amount of the disallowed charges plus interest as charged by the credit card company.

Any employee who has been issued a credit card by UCPCOG shall not use the card if any disallowed charges are outstanding and shall surrender the card upon demand by the Executive Director. UCPCOG shall have unlimited authority to revoke the use of any issued credit card and once notice of this revocation has been delivered to the credit card company, UCPCOG shall not be liable for any costs.

Any employee with a demonstrated history of credit card defaults may be barred by the Executive Director from using any UCPCOG credit cards.

Receipt of Goods & Services

The cardholder is responsible for ensuring the receipt of the goods and services as ordered and any follow-up with the vendor to resolve any delivery problems, discrepancies, or damaged goods. Should any item(s) need to be returned to the vendor, the cardholder will follow the vendors return policy and be responsible to ensure that proper credit is posted for said returned item(s). In most cases, returns and errors can be resolved directly between the cardholder and the vendor.

If for any reason the cardholder is unable to reach agreement with the vendor, the cardholder must contact the credit card issuer and explain the dispute and the reason behind it. In addition to contacting the credit card issuer, the reporting cardholder will also contact the finance director and apprise them of the situation. They will follow credit card issuer procedures in relation to the dispute and its process.

Payment of Bills

The finance director shall be responsible for reconciling the complete combined UCPCOG credit card statement each month. UCPCOG is responsible for the credit card payment and liability for failure to timely remit payment.

Card Security

UCPCOG credit cards should always be treated with great care and may either be in the possession of staff member or maybe retained by the finance staff in a secure locked location

and checked out as needed. The cardholder is the only one authorized to use the card and it should not be lent to another person.

The Department Director does hold cards that are lent to staff that do not have a UCPCOG credit card. The department director is responsible for utilizing adequate controls over these purchases. Unauthorized use of the Department Director's card may result in full disciplinary measures that may include termination and/or legal action.

It is the responsibility of the cardholder to immediately report a lost or stolen UCPCOG credit card. UCPCOG is liable for all transactions until the card is reported lost or stolen to, but only to the extent expressly required by law. A cardholder must report a lost or stolen credit card by phone directly to the credit cards issuer and to the finance director. Verbal reports of lost or stolen credit cards must be followed up in writing to the finance director.

Extended Absence

If a cardholder will be absent from UCPCOG for an extended period, the finance director will determine the best options to cover the individual's credit card procurement responsibilities.

Audits & Enforcement

To ensure the continued success of the UCPCOG Credit Card Program, as well as adherence to the policies as outlined, all individual credit card accounts will be open to internal audit requirements.

Personal use and disallowed charges (see Section 5) will not be tolerated and may result in:

- Disciplinary measures that may include termination and/or legal action.
- Permanent or temporary revocation of the card
- Direct payroll deductions for any disallowed, unauthorized, or personal charges made on the UCPCOG credit card.

A cardholder must return credit card to the Administrator at termination of employment.

Your signature below verifies that you have read and understand the UCPCOG Credit Card Program guidelines listed below and agree to comply with them.

I understand the UCPCOG Credit Card is intended to facilitate the purchase of business-related goods and services for the conduct of UCPCOG business and is not for my personal use.

I understand that my card may be revoked at any time based on change of assignment or location and that use of this card is not an entitlement nor reflective of title or position.

I understand that if I am issued a card with my name specifically, I am the only person authorized to use the card, and I am responsible for all charges made against the card.

I understand that improper use of the card can be considered misappropriation of UCPCOG funds, which may result in disciplinary action, up to and including termination.

I understand that all charges are billed directly to and paid directly by UCPCOG and any personal charges on the card could be considered misappropriation of funds.

I understand that I will be required to provide detailed receipts and to comply with internal control procedures designed to protect UCPCOG assets. This may include being asked to produce the credit card to verify its existence and providing assistance in an audit review of its use.

I understand that I am responsible for resolving any discrepancies that may occur by contacting the vendor and/or credit card issuer directly.

I will safeguard use of the issued credit card and use appropriate security whenever and wherever I use the card. If my card is lost or stolen, I agree to immediately notify credit card issuer as well as the Administrator.

I understand that the credit card is the property of UCPCOG, and it must be surrendered upon termination of employment or demand of surrender by the Administrator and/or the Executive Director. At that point, no further use of the account will be authorized.

I hereby acknowledge receipt of the UCPCOG Credit Card. As a Cardholder, I agree to comply with the UCPCOG Credit Card Program.

I HAVE READ AND UNDERSTAND THE ABOVE CONDITIONS.

Cardholder Printed Name

Date

Cardholder Signature

* * * * * Adopted June 2021

INVESTMENT POLICY

In North Carolina, local government investment policies are guided by state statute, specifically G.S. 159-30. This statute outlines the types of investments allowed and sets the framework for managing idle funds. Local governments can deposit idle funds in banks, savings and loan associations, or trust companies. They can also invest in various securities, including certificates of deposit, repurchase agreements, and U.S. government and agency securities. Additionally, local governments can participate in mutual funds for local government investment that are certified by the Local Government Commission (LGC).

This investment policy applies to all financial assets of the UCPCOG. Funds of the UCPCOG will be invested in accordance with North Carolina General Statute 150-30 and the UCPCOG's Investment Policy. The UCPCOG investments shall be undertaken in a manner that (1) seeks to ensure the preservation of capital in the overall portfolio (safety), (2) provides for sufficient liquidity to meet the cash needs of the UCPCOG's various operations (liquidity), and (3) attains a fair market rate of return (yield).

Cash management functions will be conducted in such a manner as to ensure that adequate funds will always be available to meet UCPCOG financial obligations and to provide the maximum amount of funds available for investment at all times.

In accordance with North Carolina General Statutes, the finance director is designated as the Investment Director and is responsible for the financial assets. The finance director is also responsible for investment decisions and activities for the operation of the cash management and investment program, consistent with North Carolina General Statutes. In order to promote the efficiency of investment duties and related activities, the finance director may, at his/her option, designate one or more members of his/her staff to perform the functions of cash management and investing. Such delegation shall not relieve the finance director of responsibility for all transactions and executions performed by the designated individuals.

The standard of prudence to be used by the Investment Director shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. It states that investment directors acting in accordance with North Carolina General Statutes, this policy, written administrative procedures, and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price change, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Authorized financial institutions include banks maintaining an office in the State of North Carolina and securities brokers classified by the New York Federal Reserve as primary dealers.

Employees involved in the investment process will refrain from personal business activity that could conflict with proper executions of the investment program, or which could impair their ability to make impartial investment decisions. Employees will disclose to the finance director or Executive Director any material financial interests in financial institutions that conduct business within the UCPCOG jurisdiction, and they will further disclose any large personal financial/ investment positions that could be related to the performance of the UCPCOG portfolio.

The UCPCOG will make every effort to maintain a diversified investment portfolio according to security type and institution. To the extent possible, the UCPCOG will attempt to match its investments with anticipated cash flow requirements.

Recitals (CSLFRF NON DISCRIMINATION)

WHEREAS, the UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS has received an

allocation of funds from the “Coronavirus State Fiscal Recovery Fund” or “Coronavirus Local Fiscal Recovery Fund” (together “CSLFRF funds”), established pursuant to Sections 602 and 603 of the Social Security Act, as added by Section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (the “ARP/CSLFRF award”).

WHEREAS, CSLFRF funds are subject to the U.S. Department of Treasury (“Treasury”) regulations, including the Final Rule, the Award Terms and Conditions, and the Title VII implementing regulations at 31 C.F.R. Part 22.

WHEREAS, pursuant to the ARP/CSLFRF Award Terms and Conditions, and as a condition of receiving CSLFRF funds, the UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS agrees to follow all federal statutes and regulations prohibiting discrimination in its administration of CSLFRF under the terms and conditions of the ARP/CSLFRF award, including, without limitation, the following:

- i. Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.) and Treasury’s implementing regulations at 31 C.F.R. Part 22, which prohibit discrimination on the basis of race, color, or national origin within programs or activities receiving federal financial assistance;
- ii. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 et seq.), which prohibits discrimination in housing on the basis of race, color, religion, national origin, sex, familial status, or disability;
- iii. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of disability under any program or activity receiving Federal financial assistance;
- iv. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101 et seq.), and Treasury’s implementing regulations at 31 C.F.R. Part 23, which prohibit discrimination on the basis of age in programs or activities receiving federal financial assistance; and
- v. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101 et seq.), which prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.

RESOLVED, That the governing board of the UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS hereby adopts and enacts the following nondiscrimination policy, which

shall apply to the operations of any program, activity, or facility that is supported in whole, or in part, by expenditures CSLFRF pursuant to the ARP/CSLFRF award.

Nondiscrimination Policy Statement

It is the policy of the UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS to ensure that no person shall, on the ground of race, color, national origin (including limited English Proficiency), familial status, sex, age, or disability, be excluded from participation in, be denied the benefits of, or be otherwise subject to discrimination under any program or activity administered by the UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS, including programs or activities that are funded in whole or part, with Coronavirus State and Local Fiscal Recovery Funds ("CSLFRF"), which the UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS received from the U.S. Department of Treasury ("Treasury") pursuant to Sections 602 and 603 of the Social Security Act, as added by Section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (herein the "ARP/CSLFRF award").

Governing Statutory & Regulatory Authorities

As required by the CSLFRF, Award Terms and Conditions, the UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS shall ensure that each "activity," "facility," or "program" that is funded in whole, or in part, with CSLFRF and administered under the ARP/CSLFRF award, will be facilitated, operated, or conducted in compliance with the following federal statutes and federal regulations prohibiting discrimination. These include, but are not limited to, the following:

- i. Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.) and Treasury's implementing regulations at 31 C.F.R. Part 22, which prohibit discrimination on the basis of race, color, or national origin under programs or activities receiving federal financial assistance;
- ii. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 et seq.), which prohibits discrimination in housing on the basis of race, color, religion, national origin, sex, familial status, or disability;
- iii. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of disability under any program or activity receiving federal financial assistance;
- iv. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101 et seq.), and Treasury's implementing regulations at 31 C.F.R. Part 23, which prohibit discrimination on the basis of age within programs or activities receiving federal financial assistance; and
- v. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101 et seq.), which prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.

Discriminatory Practices Prohibited in the Administration of the ARP/CSLFRF Award

To ensure compliance with Title VII of the Civil Rights Act of 1964, and Title 31 Code of Federal Regulations, Part 22, the Civil Rights Restoration Act of 1987, and other pertinent nondiscrimination authorities, the UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS shall prohibit, at a minimum, the following practices in its administration of CSLFRF pursuant to the ARP/CSLFRF award:

1. Denying to a person any service, financial aid, or other program benefit without good cause;
2. Providing to a person any service, financial aid, or another benefit which is different in quantity or quality, or is provided in a different manner, from that provided to others under the program.
3. Subjecting a person to segregation or separate treatment in any matter related to the receipt of any service, financial aid, or other benefit under the program;
4. Restricting a person in the enjoyment of any advantages, privileges, or other benefits enjoyed by others receiving any service, financial aid, or other benefit under the program;
5. Treating a person differently from others in determining whether that person satisfies any admission, enrollment, quota, eligibility, membership, or other requirement or condition which persons must meet to be provided any service, financial aid, or other benefit provided under the program;
6. Implementing different standards, criteria, or other requirements for admission, enrollment, or participation in planning, advisory, contractual, or other integral activities to the program;
7. Adopting methods of administration which, directly or through contractual relationships, would defeat or substantially impair the accomplishment of effective nondiscrimination;
8. Selecting a site or location of facilities with the purpose or effect of excluding persons from, denying them the benefits of, subjecting them to discrimination, or with the purpose or effect of defeating or substantially impairing the accomplishment of the objectives of Title VI or related acts and regulations;
9. Discriminating against any person, either directly or through a contractual agreement, in any employment resulting from the program, a primary objective of which is to provide employment;
10. Committing acts of intimidation or retaliation, including threatening, coercing, or discriminating against any individual for the purpose of interfering with any right or privilege secured by any pertinent nondiscrimination law, or because an individual made a complaint, testified, assisted, or participated in an investigation, proceeding, or hearing.

Reporting & Enforcement

1. The UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS shall cooperate in any enforcement or compliance review activities by the Department of the Treasury. Enforcement may include investigation, arbitration, mediation, litigation, and monitoring of any settlement agreements that may result from these actions. The UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS shall comply with information requests, on-site compliance reviews, and reporting requirements.
2. The UCPCOG's Executive Assistant shall maintain a complaint log and inform the Treasury of any complaints of discrimination on the grounds of race, color, or national origin (including limited English proficiency covered by Title VI of the Civil Rights Act of 1964 and implementing regulations and provide, upon request, a list of all such reviews or proceedings based on the complaint, whether pending or completed, including the outcome. The Executive Assistant shall inform the Treasury if it has received no complaints under Title VI.
3. Any person who believes they have been aggrieved by a discriminatory practice under Title VI has a right to file a formal complaint with the Treasury. Any such complaint must be in writing and filed with the Treasury's Title VI Coordinator within one hundred eighty (180) days following the date of the alleged discriminatory occurrence.
4. Any person who believes that because of that person's race, color, national origin, limited English proficiency, familial status, sex, age, religion, or disability that he/she/they have been discriminated against or unfairly treated by the UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS in violation of this policy should contact the following office within 180 days from the date of the alleged discriminatory occurrence:

Please contact the Executive Assistant at 252-234-5951 for any complaints under this policy.

* * * * * Adopted this 21st day of June 2022

Record Retention Policy: Documents Created or Maintained Pursuant to the ARP/CSLFRF & Federal Awards

Retention of Records: The Coronavirus Local Fiscal Recovery Funds (“CSLFRF”) Award Terms and Conditions and the Compliance and Reporting Guidance set forth the U.S. Department of Treasury’s (“Treasury”) record retention requirements for the ARP/CSLFRF & Federal awards.

It is the policy of the UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS to follow Treasury’s record retention requirements as it expends CSLFRF pursuant to the APR/CSLFRF award. Accordingly, the UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS agrees to the following:

Retain all financial and programmatic records related to the use and expenditure of CSLFRF pursuant to the ARP/CSLFRF & Federal award for a period of five (5) years after all CLFRF funds have been expended or returned to Treasury, whichever is later.

Retain records for real property and equipment acquired with CSLFRF for five years after final disposition.

Ensure that the financial and programmatic records retained sufficiently evidence compliance with section 603(c) of the Social Security Act “ARPA,” Treasury’s regulations implementing that section, and guidance issued by Treasury regarding the foregoing.

Allow the Treasury Office of Inspector General and the Government Accountability Office, or their authorized representatives, the right of right of timely and unrestricted access to any records for the purpose of audits or other investigations.

If any litigation, claim, or audit is started before the expiration of the 5-year period, the records will be retained until all litigation, claims, or audit findings involving the records have been resolved.

Covered Records: For purposes of this policy, records are information, regardless of physical form or characteristics, that are created, received, or retained that evidence the UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS’s expenditure of CSLFRF funds on eligible projects, programs, or activities pursuant to the ARP/CSLFRF & Federal award.

Records that shall be retained pursuant to this policy include, but are not limited to, the following:

Financial statements and accounting records evidencing expenditures of CSLFRF for eligible projects, programs, or activities.

Documentation of rational to support a particular expenditure of CSLFRF (e.g., expenditure constitutes a general government service);

Documentation of administrative costs charged to the ARP/CSLFRF award; Procurement documents evidencing the significant history of a procurement, including, at a minimum, the

rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for contract cost or price; Subaward agreements and documentation of subrecipient monitoring; Documentation evidencing compliance with the Uniform Guidance property management standards set forth in 2 C.F.R. §§ 200.310-316 and 200.329;

Personnel and payroll records for full-time and part-time employees compensated with CSLFRF, including time and effort reports; and Indirect cost rate proposals

Storage: UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS's records must be stored in a safe, secure, and accessible manner. Wherever practicable, such records should be collected, transmitted, and stored in open and machine-readable formats.

Departmental Responsibilities: Any department or unit of the UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS, and its employees, who are responsible for creating or maintaining the covered documents in this policy shall comply with the terms of this policy. Failure to do so may subject the UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS to civil and/or criminal liability. Any employee who fails to comply with the record retention requirements set forth herein may be subject to disciplinary sanctions, including suspension or termination.

The FINANCE DIRECTOR is responsible for identifying the documents that UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS must or should retain and arrange for the proper storage and retrieval of records. FINANCE DIRECTOR shall also ensure that all personnel subject to the terms of this policy are aware of the record retention requirements set forth herein.

Reporting Policy Violations: The UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS is committed to enforcing this policy as it applies to all forms of records. Any employee that suspects the terms of this policy have been violated shall report the incident immediately to that employee's supervisor. If an employee is not comfortable bringing the matter up with the director, the employee may bring the matter to the attention of the FINANCE DIRECTOR. The UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS prohibits any form of discipline, reprisal, intimidation, or retaliation for reporting incidents of inappropriate conduct of any kind, pursuing any record destruction claim, or cooperating in related investigations.

Questions About the Policy: Any questions about this policy should be referred to Kelly Lancaster (252-479-2103 ; klancaster@ucpcog.org), who is in charge of administering, enforcing, and updating this policy.

* * * * * Adopted this 21st day of June, 2022

Upper Coastal Plain Council of Governments Uniform Guidance Procurement Policy

Purpose

The purpose of this Policy is to establish guidelines that meet or exceed the procurement requirements for purchases of goods (apparatus, supplies, materials, and equipment), services, and construction or repair projects when federal funds are being used in whole or in part to pay for the cost of the contract.

Policy

Application of Policy.

- a) This policy applies to purchases, services, and construction or repair work funded with federal financial assistance (direct or reimbursed). The requirements of this Policy also apply to any sub-recipient of the funds. This Policy will be applied equally for all funding sources (federal, state, or local).
- b) All federally funded projects, loans, grants, and sub-grants, whether funded in part or wholly, are subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards (Uniform Guidance) codified at 2 C.F.R. Part 200 unless otherwise directed in writing by the federal agency or state pass-through agency that awarded the funds.

Compliance with Federal Law. All procurement activities involving the expenditure of federal funds must be conducted in compliance with the Procurement Standards codified in 2 C.F.R. § 200.317 through § 200.327 unless otherwise directed in writing by the federal agency or state pass-through agency that awarded the funds. Upper Coastal Plain Council of Governments (UCPCOG) will follow all applicable local, state, and federal procurement requirements when expending federal funds. Should the UCPCOG or any funding agency have more stringent requirements, the most restrictive requirement shall apply so long as it is consistent with state and federal law.

Contract Award. All contracts shall be awarded only to the lowest responsive responsible bidder, possessing the ability to perform successfully under the terms and conditions of the contract.

No Evasion. No contract may be divided to bring the cost under bid thresholds or to evade any requirements under this Policy or state and federal law.

Contract Requirements. All contracts paid for in whole or in part with federal funds shall be in writing. The written contract must include or incorporate by reference the provisions required

under 2 C.F.R § 200.327 and as provided for under 2 C.F.R. Part 200, Appendix II.

Contractors' Conflict of Interest. Designers, suppliers, and contractors that assist in the development or drafting of specifications, requirements, statements of work, invitation for bids or requests for proposals shall be excluded from competing for such requirements.

Approval and Modification. The administrative procedures contained in this Policy are administrative and may be changed as necessary at the staff level to comply with state and federal law.

General Procurement Standards and Procedures:

Procurement is a centralized function within the UCPCOG. The Finance Department has the overall responsibility for control of procurement process. The Finance Department is charged with the development of the administrative procedures for the procurement and purchase order process. The requesting department is responsible for the preparation of requisitions for items required by their department. Requisitions should show the quantity and type of commodities or services needed, and the account/grant number to be charged. Requisitions for purchases may be prepared by any UCPCOG employee; however, they must be approved by the program director as well as the Finance Director (or designee) prior to purchasing goods or services. The program director in consultation with the program's Finance Department budget manager should indicate the account/grant number they wish the expense to be charged. Completion of total product delivery under a service contract should be performed by year-end in order to make full payment of the contract. Otherwise, only progress billings can be made to the contractor. The Finance Department or requesting department shall procure all contracts in accordance with the requirements of this section of the policy.

Purchase Orders

- (1) A purchase order is required for any good, equipment, and services (not included in a contract) that exceeds \$2500.00 either individually or in the aggregate.
- (2) Separate purchases may not be utilized to avoid the purchase order process.
- (3) A purchase order requisition is to be submitted to the department director if applicable and then sent to the Finance Department for Purchase Order preparation.
- (4) The purchase order is prepared and must be signed by: Program Director (or designee), Finance Director,).
- (5) Any one item purchased for \$5,000 or more that has a life expectancy of more than one year must be capitalized as a fixed asset.

Necessity. Purchases must be necessary to perform the scope of work and must avoid acquisition of unnecessary or duplicative items. The Requesting Department should check with the federal surplus property agency prior to buying new items when feasible and less expensive. Strategic sourcing should be considered with other departments and/or agencies who have similar needs to consolidate procurements and services to obtain better pricing.

Clear Specifications. All solicitations must incorporate a clear and accurate description of the technical requirements for the materials, products, or services to be procured, and shall include all

other requirements which bidders must fulfill and all other factors to be used in evaluating bids or proposals. Technical requirements must not contain features that restrict competition.

Notice of Federal Funding. All bid solicitations must acknowledge the use of federal funding for the contract. In addition, all prospective bidders or offerors must acknowledge that funding is contingent upon compliance with all terms and conditions of the funding award.

Compliance by Contractors. All solicitations shall inform prospective contractors that they must comply with all applicable federal laws, regulations, executive orders, and terms and conditions of the funding award.

Fixed Price. Solicitations must state that bidders shall submit bids on a fixed price basis and that the contract shall be awarded on this basis unless otherwise provided for in this Policy. Cost plus percentage of cost contracts is prohibited. Time and materials contracts are prohibited in most circumstances. Time and materials contracts will not be used unless no other form of contract is suitable and the contract includes a “Not to Exceed” amount. A time and materials contract shall not be awarded without express written permission of the federal agency or state pass-through agency that awarded the funds.

Use of Brand Names. When possible, performance or functional specifications are preferred to allow for more competition leaving the determination of how they reach the required result to the contractor. Brand names may be used only when it is impractical or uneconomical to write a clear and accurate description of the requirement(s). When a brand name is listed, it is used as reference only and “or equal” must be included in the description.

Lease versus Purchase. Under certain circumstances, it may be necessary to perform an analysis of lease versus purchase alternatives to determine the most economical approach.

Dividing Contract for M/WBE Participation. If economically feasible, procurements may be divided into smaller components to allow maximum participation of small and minority businesses and women business enterprises. The procurement cannot be divided to bring the cost under bid thresholds or to evade any requirements under this Policy.

Documentation. Documentation must be maintained by the requesting department detailing the history of all procurements. The documentation should include the procurement method used, contract type, basis for contractor selection, price, sources solicited, public notices, cost analysis, bid documents, addenda, amendments, contractor’s responsiveness, notice of award, copies of notices to unsuccessful bidders or offerors, record of protests or disputes, bond documents, notice to proceed, purchase order, and contract. All documentation relating to the award of any contract must be made available to the granting agency upon request.

Cost Estimate. For all procurements costing \$150,000 or more, the Finance Department or requesting department shall develop an estimate of the cost of the procurement prior to soliciting bids. Cost estimates may be developed by reviewing prior contract costs, online review of similar products or services, or other means by which a good faith cost estimate may be obtained. Cost estimates for construction and repair contracts may be developed by the project designer.

Contract Requirements. The requesting department must prepare a written contract incorporating the provisions referenced in Section B.5 of this Policy.

Debarment. No contract shall be awarded to a contractor included on the federally debarred bidder's list. **Contractor Oversight.** The requesting department receiving the federal funding must maintain oversight of the contract to ensure that contractor is performing in accordance with the contract terms, conditions, and specifications.

Open Competition. Solicitations shall be prepared in a way to be fair and provide open competition. The procurement process shall not restrict competition by imposing unreasonable requirements on bidders, including but not limited to unnecessary supplier experience, excessive or unnecessary bonding, specifying a brand name without allowing for "or equal" products, or other unnecessary requirements that have the effect of restricting competition.

Geographic Preference. No contract shall be awarded based on a geographical preference.

Specific Procurement Procedures

The requesting department shall solicit bids in accordance with the requirements under this section of the policy based on the type and cost of the contract unless more stringent standards are directed in writing by the federal agency or state or local pass-through agency that awarded the funds.

Purchase Contracts costing less than \$10,000 shall be procured using the Uniform Guidance "micro-purchase" procedure (2 C.F.R. § 200.320(a)) as follows:

The contract may be awarded without soliciting pricing or bids if the price of the goods or services is considered to be fair and reasonable.

To the extent practicable, purchases must be distributed among qualified suppliers.

Purchase Contracts costing \$10,000 up to \$90,000 shall be procured using the Uniform Guidance "small purchase" procedure (2 C.F.R. § 200.320(b)) as follows:

- Obtain price or rate quotes from an "adequate number" of qualified sources (a federal grantor agency might issue guidance interpreting "adequate number," so the requesting department should review the terms and conditions of the grant award documents to confirm whether specific guidance has been issued).

- Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as required under 2 C.F.R. § 200.321.
- Cost or price analysis is not required prior to soliciting bids.
- Award the contract on a fixed-price basis (a not-to-exceed basis is permissible for service contracts where obtaining a fixed price is not feasible).
- Award the contract to the lowest responsive, responsible bidder.

Purchase Contracts costing \$90,000 and above shall be procured using a combination of the most restrictive requirements of the Uniform Guidance “sealed bid” procedure 2 C.F.R. § 200.320(c) and state formal bidding procedures (G.S. 143-129) as follows:

- Cost or price analysis is required prior to soliciting bids.
- Complete specifications or purchase description must be made available to all bidders.
- The bid must be formally advertised in a newspaper of general circulation for at least seven full days between the date of the advertisement and the date of the public bid opening. Electronic-only advertising must be authorized by the governing board. The advertisement must state the date, time, and location of the public bid opening, indicate where specifications may be obtained, and reserve to the governing board the right to reject any or all bids only for “sound documented reasons.”
- Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as required under 2 C.F.R. § 200.321.
- Open bids at the public bid opening on the date, time, and at the location noticed in the public advertisement. All bids must be submitted sealed. A minimum of 2 bids must be received to open all bids.
- Award the contract to the lowest responsive, responsible bidder on a fixed-price basis. Governing board approval is required for purchase contracts unless the governing board has delegated award authority to an individual official or employee. Any and all bids may be rejected only for “sound documented reasons.”

Service Contracts (except for A/E professional services) **costing less than \$10,000** shall be procured using the Uniform Guidance “micro-purchase” procedure (2 C.F.R. § 200.320(a)) as follows:

- The contract may be awarded without soliciting pricing or bids if the price of the goods or services is considered to be fair and reasonable.
- To the extent practicable, purchases must be distributed among qualified suppliers.

Service Contracts (except for A/E professional services) **costing \$10,000 up to \$250,000** shall be procured using the Uniform Guidance “small purchase” procedure (2 C.F.R. § 200.320(b)) as follows:

- Obtain price or rate quotes from an “adequate number” of qualified sources (a federal grantor agency might issue guidance interpreting “adequate number,” so the requesting department should review the terms and conditions of the grant award documents to confirm whether specific guidance has been issued).
- Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as required under 2 C.F.R. § 200.321.
- Cost or price analysis is not required prior to soliciting bids.

- Award the contract on a fixed-price basis (a not-to-exceed basis is permissible for service contracts where obtaining a fixed price is not feasible).
- Award the contract to the lowest responsive, responsible bidder.

Service Contracts (except for A/E professional services) **costing \$250,000 and above** shall be procured using a combination of the most restrictive requirements of the Uniform Guidance “sealed bid” procedure (2 C.F.R. § 200.320(c)) and state formal bidding procedures (G.S. 143-129) as follows:

- Cost or price analysis is required prior to soliciting bids. Complete specifications or purchase description must be made available to all bidders.
- The bid must be formally advertised in a newspaper of general circulation for at least seven full days between the date of the advertisement and the date of the public bid opening. Electronic-only advertising must be authorized by the governing board. The advertisement must state the date, time, and location of the public bid opening, indicate where specifications may be obtained, and reserve to the governing board the right to reject any or all bids only for “sound documented reasons.”
- Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as required under 2 C.F.R. § 200.321.
- Open bids at the public bid opening on the date, time, and at the location noticed in the public advertisement. All bids must be submitted sealed. A minimum of 2 bids must be received to open all bids.
- Award the contract to the lowest responsive, responsible bidder on a fixed-price basis. Governing board approval is required for purchase contracts unless the governing board has delegated award authority to an individual official or employee. Any and all bids may be rejected only for “sound documented reasons.”

Service Contracts (except for A/E professional services) **costing \$250,000 and above** may be procured using the Uniform Guidance “competitive proposal” procedure (2 C.F.R. § 200.320(d)) when the “sealed bid” procedure is not appropriate for the particular type of service being sought. The procedures are as follows:

- A Request for Proposals (RFP) must be publicly advertised. Formal advertisement in a newspaper is not required so long as the method of advertisement will solicit proposals from an “adequate number” of qualified firms.
- Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as provided under 2 C.F.R. § 200.321.
- Identify evaluation criteria and relative importance of each criteria (criteria weight) in the RFP.
- Consider all responses to the publicized RFP to the maximum extent practical.
- Must have a written method for conducting technical evaluations of proposals and selecting the winning firm.
- Award the contract to the responsible firm with most advantageous proposal considering price and other factors identified in the RFP. Governing board approval is not required.
- Award the contract on a fixed-price or cost-reimbursement basis.

Construction and repair contracts costing less than \$10,000 shall be procured using the Uniform Guidance “micro-purchase” procedure (2 C.F.R. § 200.320(a)) as follows:

- The contract may be awarded without soliciting pricing or bids if the price of the goods or services is considered to be fair and reasonable.
- To the extent practicable, contracts must be distributed among qualified suppliers.

Construction and repair contracts costing \$10,000 up to \$150,000 shall be procured using the Uniform Guidance “small purchase” procedure (2 C.F.R. § 200.320(b)) as follows:

- Obtain price or rate quotes from an “adequate number” of qualified sources (a federal grantor agency might issue guidance interpreting “adequate number,” so the requesting department should review the terms and conditions of the grant award documents to confirm whether specific guidance has been issued).
- Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as required under 2 C.F.R. § 200.321.
- Cost or price analysis is not required prior to soliciting bids, although price estimates may be provided by the project designer.
- Award the contract on a fixed-price or not-to-exceed basis.
- Award the contract to the lowest responsive, responsible bidder. Governing board approval is not required.

Construction and repair contracts costing \$150,000 up to \$500,000 shall be procured using the Uniform Guidance “sealed bid” procedure (2 C.F.R. § 200.320(c)) as follows:

- Cost or price analysis is required prior to soliciting bids (this cost estimate may be provided by the project designer).
- Complete specifications must be made available to all bidders.
- Publicly advertise the bid solicitation for a period of time sufficient to give bidders notice of opportunity to submit bids (formal advertisement in a newspaper is not required so long as other means of advertising will provide sufficient notice of the opportunity to bid). The advertisement must state the date, time, and location of the public bid opening, and indicate where specifications may be obtained.
- Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as provided under 2 C.F.R. § 200.321.
- Open the bids at the public bid opening on the date, time, and at the location noticed in the public advertisement. All bids must be submitted sealed. A minimum of 2 bids must be received to open all bids.
- A 5% bid bond is required of all bidders. Performance and payment bonds of 100% of the contract price is required of the winning bidder.
- Award the contract on a firm fixed-price basis.
- Award the contract to the lowest responsive, responsible bidder. Governing board approval is not required. Any and all bids may be rejected only for “sound documented reasons.”

Construction and repair contracts costing \$500,000 and above shall be procured using a combination of the most restrictive requirements of the Uniform Guidance “sealed bid” procedure (2 C.F.R. § 200.320(c)) and state formal bidding procedures (G.S. 143-129) as follows:

- Cost or price analysis is required prior to soliciting bids (this cost estimate should be provided by the project designer).
- Complete specifications must be made available to all bidders. Formally advertise the bid in a newspaper of general circulation for at least seven full days between the date of the advertisement and the date of the public bid opening. Electronic-only advertising must be authorized by the governing board. The advertisement must state the date, time, and location of the public bid opening, indicate where specifications may be obtained, and reserve to the governing board the right to reject any or all bids only for “sound documented reasons.”
- Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as provided under 2 C.F.R. § 200.321.
- Open the bids at the public bid opening on the date, time, and at the location noticed in the public advertisement. All bids must be submitted sealed and in paper form. A minimum of 3 bids must be received to open all bids.
- A 5% bid bond is required of all bidders (a bid that does not include a bid bond cannot be counted toward the 3-bid minimum requirement). Performance and payment bonds of 100% of the contract price is required of the winning bidder.
- Award the contract on a firm fixed-price basis.
- Award the contract to the lowest responsive, responsible bidder. Governing board approval is required and cannot be delegated. The governing board may reject all bids only for “sound documented reasons.”

Construction or repair contracts involving a building costing \$300,000 and above must comply with the following additional requirements under state law:

- Formal HUB (historically underutilized business) participation required under G.S. 143-128.2, including local government outreach efforts and bidder good faith efforts, shall apply.
- Separate specifications shall be drawn up for the HVAC, electrical, plumbing, and general construction work as required under G.S. 143-128(a).
- The project shall be bid using a statutorily authorized bidding method (separate-prime, single-prime, or dual bidding) as required under G.S. 143-129(a1).

Contracts for Architectural and Engineering Services costing under \$150,000 shall be procured using the state “Mini-Brooks Act” requirements (G.S. 143-64.31) as follows: Issue a Request for Qualifications (RFQ) to solicit qualifications from qualified firms (formal advertising in a newspaper is not required). Price (other than unit cost) shall not be solicited in the RFQ.

- Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as provided for under 2 C.F.R. § 200.321.
- Evaluate the qualifications of respondents based on the evaluation criteria developed by the Purchasing Department and/or Requesting Department.

- Rank respondents based on qualifications and select the best qualified firm. Price cannot be a factor in the evaluation. Preference may be given to in-state (but not local) firms.
- Negotiate fair and reasonable compensation with the best qualified firm. If negotiations are not successful, repeat negotiations with the second-best qualified firm. Award the contract to best qualified firm with whom fair and reasonable compensation has been successfully negotiated. Governing board approval is not required.
-

Contracts for Architectural and Engineering Services costing \$150,000 or more shall be procured using the Uniform Guidance “competitive proposal” procedure (2 C.F.R. § 200.320(d)(5)) as follows:

- Publicly advertise a Request for Qualifications (RFQ) to solicit qualifications from qualified firms (formal advertisement in a newspaper is not required). Price (other than unit cost) shall not be solicited in the RFQ.
- Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as provided under 2 C.F.R. § 200.321.
- Identify the evaluation criteria and relative importance of each criterion (the criteria weight) in the RFQ.
- Proposals must be solicited from an “adequate number of qualified sources” (an individual federal grantor agency may issue guidance interpreting “adequate number”).
- Must have a written method for conducting technical evaluations of proposals and selecting the best qualified firm.
- Consider all responses to the publicized RFQ to the maximum extent practical.
- Evaluate qualifications of respondents to rank respondents and select the most qualified firm. Preference may be given to in-state (but not local) firms provided that granting the preference leaves an appropriate number of qualified firms to compete for the contract given the nature and size of the project.
- Price cannot be a factor in the initial selection of the most qualified firm.
- Once the most qualified firm is selected, negotiate fair and reasonable compensation. If negotiations are not successful, repeat negotiations with the second-best qualified firm.
- Award the contract to best qualified firm with whom fair and reasonable compensation has been successfully negotiated. Governing board approval is not required.

Exceptions

Non-competitive contracts are allowed **only** under the following conditions and with the written approval of the federal agency or state pass-through agency that awards the federal funds:

Sole Source. A contract may be awarded without competitive bidding when the item is available from only one source. The Purchasing Department and/or Requesting Department shall document the justification for and lack of available competition for the item.

Public Exigency. A contract may be awarded without competitive bidding when there is public exigency. A public exigency exists when there is an imminent or actual threat to public health, safety, and welfare, and the need for the item will not permit the delay resulting from competitive bidding.

Inadequate Competition. A contract may be awarded without competitive bidding when competition is determined to be inadequate after attempts to solicit bids from a number of sources as required under this Policy does not result in a qualified winning bidder.

Federal Contract. A contract may be awarded without competitive bidding when the purchase is made from a federal contract available on the U.S. General Services Administration schedules of contracts.

Awarding Agency Approval. A contract may be awarded without competitive bidding with the express written authorization of the federal agency or state pass-through agency that awarded the federal funds so long as awarding the contract without competition is consistent with state law.

Medical Insurance contracts. The micro purchase threshold for federal procurement is 50,000.00, as per 2 CFR 200.320(a) (iv). This threshold applies to the procurement of medical insurance contracts and goods and services.

Single Audit Services. The procurement threshold for single audit services 2 CFR 200 is \$250,000.00, which is also known as the simplified acquisition threshold (SAT). The SAT is the dollar amount below which a non-federal entity can use small purchase methods to buy services or property. If the contract amount is above the SAT, the non-federal entity must use the formal request for proposal (RFP) process.

Adopted March 18, 2025

Fixed Assets Policy

Upper Coastal Plain Council of Governments (UCPCOG) will maintain a detailed property inventory to comply with the requirements of safeguarding public investment and federal and state requirements, audit requirements, and governmental accounting standards.

Types of Fixed Assets

- a. “Capitalized Fixed Assets” means property, items such as land, buildings, and equipment that are tangible in nature with a useful life of greater than one (1) year and an acquisition value equal or greater than \$5,000.
 - i. For donated property, the fair market value at the time of donation determines whether the item meets this definition.
 - ii. For other property, the initial acquisition cost determines whether the item meets this definition. The initial acquisition cost includes the total of the following, if all these costs are on the same initial order:
 - 1. Purchase price of the property, and
 - 2. Reasonable and necessary expenses (such as shipping charges, tax, start-up, or installation if applicable) to prepare the property for its intended use.
 - iii. Items with an initial acquisition cost of less than \$5,000 are not defined as capitalized fixed assets, even when a subsequent addition or improvement to the property causes the cost to exceed \$5,000.
- b. “Non-capitalized Inventorial Fixed Assets” refers to property and/or mobile devices whose acquisition value is less than the capitalized threshold of \$5,000. For the purposes of this policy, non-capitalized inventorial fixed assets (e.g., printers, wireless routers, etc.) or mobile devices such as laptops, cell phones, iPads, tablets, and mobile hot spots. Only capitalized fixed assets are recorded in the UCPCOG’s fixed asset system. UCPCOG’s financial statements will only reflect the value of capitalized fixed assets.

Policy

- c. Personal Use. Items purchased with any UCPCOG funds are the property of the Council and are not intended for personal use.
- d. Departmental Accountability
 - i. Department employees are responsible for all UCPCOG property assigned to them. These responsibilities include safeguarding property from loss, damage, theft, or misuse; and arranging for maintenance as needed to keep property in good condition. Department heads are responsible for tracking non-capitalized inventorial fixed assets.
 - ii. Each department is also subject to internal and external audit verifications of its fixed assets.
- e. Finance Department Responsibilities. The Finance Department enters capitalized fixed assets in the fixed asset system, assigns each fixed asset a unique number, attaches a fixed asset

tracking tag to each recorded fixed asset, and oversees the annual physical inventory of the fixed assets.

- f. Property Monitoring
 - i. Fixed Asset Tags. All capitalized fixed assets should be tagged with a fixed asset tag. Tags should not be removed, relocated, or damaged. The owning department is responsible for notifying the Finance Department if a fixed asset needs a new tag or any problems with a tag.
 - ii. Property not qualifying as a Capitalized Fixed Asset. Property not meeting the definition of a capitalized fixed asset is not tracked in the computerized fixed asset system and a fixed asset tag number is not attached or assigned to the property, even when a subsequent addition or improvement to the item causes the cost to exceed \$5,000.
- g. Record Keeping
 - i. All purchases of UCPCOG property require the use of the appropriate account code.
 - ii. The listing provided by the Finance Department is the official record of capitalized fixed assets for which each department head is responsible.
 - iii. When any fixed assets are permanently transferred to another department or relocated, or when any property items are lost, stolen, or traded in, the department head must notify the Finance Department so that the appropriate records may be adjusted.
- h. Receipt of Property as a Gift. All non-cash gifts to UCPCOG should be coordinated with the Finance Department, in cooperation with the department receiving the gift, in order to establish the fair market value of the gift.
- i. Annual Physical Inventory of Capitalized Fixed Assets
 - i. A physical inventory requires a hands-on inspection of each fixed asset, verifying tag, location and if applicable the serial number. Annual physical inventories shall be completed prior to the financial reporting due date.
 - ii. The Finance Director is responsible for overseeing the annual fixed asset physical inventory process.
 - iii. Property Missing During Physical Inventory
 - 1. Fixed assets are considered missing when an inventory is taken and assets on the physical inventory worksheet are not found. This can occur because an asset is moved to another location, but the new location is not recorded in the system before the Physical Inventory Worksheets are printed, or the asset could be lost or stolen.
 - 2. In the event of property missing during a physical inventory, the Finance Director and the department representative have various responsibilities in the attempt to locate the missing property pursuant to this policy's procedures.
 - 3. Property that is not located at the end of one year and is still on the missing status report will be removed from the Fixed Asset System at the end of the next fiscal year.
- j. Lost or Stolen Property
 - i. If any property has been stolen, the employee discovering the theft must report it to his/her supervisor no later than three days from the date of discovery.
 - ii. The supervisor is to notify Police.
 - iii. In addition, the Finance department should be notified what item was stolen and a copy of the police report attached.
- k. Disposal of UCPCOG Property

- i. If the asset was originally funded with Federal grant funds, in whole or in part, the Finance department must be notified and approve of the disposition prior to the completion of the Asset Disposition Form to determine if there are any external requirements related to the disposal of the property.
 1. Approval should be obtained by using the Asset Disposition Approval Form, found at the end of these procedures. Guidelines described in OMB Uniform Guidance for property financed by federally funded grants must be followed.
 2. Specific requirements, if any, should be detailed on the Asset Disposition Form.
- ii. Proceeds: All fixed assets are UCPCOG property and not the property of any single department. Therefore, proceeds obtained from the disposal of property shall be credited to the General Fund unless the property was externally funded, and the proceeds are restricted by agreement or law. Any exceptions to the distribution of the proceeds will be determined by the Finance Director.
- iii. Under no circumstances should the property tag be removed from the asset.

Disposal Methods

Disposal by Trade or Exchange of Property

Departments are encouraged to dispose of used property by offering it for trade-in, if possible, when purchasing new property.

The consent of the Finance Director must be obtained prior to using a fixed asset as a trade-in toward the purchase of a new asset, by completing the Asset Disposition Form. The quote with cost of the new item and the trade in value should be provided with the form. The newly acquired asset shall be recorded at gross value of the new asset not considering any trade-in value, after review and approval by the Finance Director. In no instance shall total cost exceed the fair market value of the new asset.

Disposal by Sale

This method of disposal is not encouraged. Generally, UCPCOG property should be used until they have little or no fair value.

If an item or lot of items is deemed to have value over \$5,000, it may be sold on a first come, first serve basis at a set price or open for best offer as advertised on Govdeals.com or comparable website. Items will be sold “as is” for pickup. Any item that doesn’t sell within 14 days will be either scrapped or donated. Any item with a current value of less than \$1,000 should be scrapped or donated but still requires completion of the Asset Disposition Form.

The buyer of UCPCOG property must be given a descriptive receipt signed by Finance Department. The receipt must state that the sale is “Final” and the property is sold in “as is” condition without any express or implied warranties. After completion of the sale, the signed receipt copy will be submitted to the Finance Department, who, after review and approval of the Finance Director, will update the accumulated depreciation to the date of the sale (if applicable) and record the disposal of the asset.

Disposal by Scrap or Waste

Any fixed asset that has a value of less than \$5,000 that becomes obsolete, worn beyond reasonable repair, or no longer has a department use, must be reported on the Asset Disposition Form prior to disposal. The asset must be fully described noting serial number, and perceived condition. Disposal cannot occur until the disposition request has been approved.

Disposal of Stolen/Lost Assets

The Finance Department will review the Asset Disposition Form and any other relevant details regarding the stolen/lost property and if necessary, remove the item from the Fixed Asset list.

Disposal by Donation

UCPCOG may choose to donate items to other Local Governments or appropriate nonprofit organizations if approved by the Board. A list of assets to be disposed under by donation, will be provided to the Board at a regularly scheduled board meeting. Assets may be offered to member governments or transferred to the appropriate non-profit according to the Board's approval regarding that disposition.

Misuse of UCPCOG Property. Misuse or abuse of UCPCOG property could result in disciplinary action leading up to and including termination. Depending upon the nature and severity of the violation, criminal penalties could apply, as well.

* * * * * Adopted October 2022

PREAUDIT & DISBURSEMENT POLICY

In North Carolina, the preaudit process involves examining financial transactions before an obligation is made to ensure compliance with the budget ordinance. The disbursement process, which occurs before payment, also has specific requirements. These processes outlined in N.C. General Statute 159-28, aim to ensure that local governments spend within their authorized budgets.

The preaudit is a statutory internal control process to ensure that the general and grant funds are spent appropriately. If implemented properly, the preaudit can be an effective tool in preventing and/or mitigating employee mistake, misappropriations, and even fraud.

The UCPCOG has implemented the following processes.

Preaudit Process:

- 1) The finance director must certify that there is sufficient funds available before purchasing goods or services. If the finance director approves a purchase when no funds are available, he/she and their bond can be held personally liable.
- 2) Purchases made without meeting preaudit requirements are not valid.
- 3) In order to meet preaudit requirement, all individuals are required to obtain a purchase order before ordering goods or services that are over the amount of \$2500.
- 4) Individuals incurring an obligation without the finance director's preaudit certification can be held personally liable.

Prior to disbursement of state, local, and federal funds, finance staff has the responsibility for payment of obligations for departments and perform appropriate cash disbursement preaudit procedures. Staff making the purchase must match the original invoice/billing prices and quantities with the amounts authorized on the purchase order, verifying that the quantity invoiced was received per the receiving report or packing slip, checking invoice math for accuracy. The finance director shall assure that the following required documents are on hand and approved by the department directors or staff who is authorized to approve payments or refunds of receipts in the department of this plan. Finance staff will review all disbursement documentation to ensure that the following items are on hand prior to approval of any item.

Disbursement Process:

- Must be performed before the UCPCOG can pay an invoice or bill.
- The authorized person should check to see that the goods or services were delivered.
- The finance director or authorized agent must verify that the preaudit process was properly performed.
- Make sure that there is still sufficient funds available.

- If the finance director pays out or causes to be paid out any funds in violation, he/she and the sureties on his/her official bond are liable for any sums so disbursed.

North Carolina General Statute 159-28(d) requires that the certificate, invoice, or disbursement take substantially the following form: *“This disbursement has been approved as required by the Local Government Budget and Fiscal Control Act.”*

Credit Card Disbursements

The UCPCOG department directors shall review and verify credit card statements for appropriate charges and submit statements to the finance department for processing payments. The following processes should be followed to ensure that before each transaction is made, the individual making the transaction shall:

Ensure there is an appropriate budget ordinance or grant contract appropriation authorizing the obligation.

Ensure that sufficient funds remain in the appropriation to cover the amount that is expected to be paid out in the current fiscal year (if the expenditure is accounted for in the budget ordinance) or the entire amount (if the expenditure is accounted for in a grant contract)

Report the amount of transaction to the finance department to encumber if it meets the purchase order guidelines.

There is no minimum amount to trigger the preaudit. It applies even if the amount involved is \$5 supply order from a local vendor, or a \$1,000 service agreement, or a \$15 million dollar construction contract. The preaudit requirement, thus, has no relation to an agency’s internal P.O. threshold.

BANK ACCOUNT & RECONCILIATION POLICY

Purpose

This policy sets out requirements for use of banks, including opening, closing authorization variations to terms and conditions, and reconciliation of bank accounts transactions.

Procedure

Opening Bank Accounts:

Any new bank accounts to be opened for the UCPCOG must have the authorization of the UCPCOG Board of Directors. For each new bank account, the financial system must be updated and the bank account registered by the accounting staff of the Finance Department.

Bank Accounts Authorizations

For monies withdrawn from any bank accounts, whether by check, EFT or other online payment method, there must be 2 persons authorizing for each payment. The authorized persons for the bank accounts payments are:

1. Finance Director, authorized by the Board to sign checks
2. Executive Director

Each payment made must be supported by an approved invoice, receipt or other appropriate documentation prior to payment.

Variations to Bank Accounts Terms and Conditions

Any variations to banking arrangements can be made or varied by the Executive Director. The Finance Department staff are responsible for updating the financial system and/or bank account registered with the information.

Closing Bank Accounts

Where it is decided that a bank account is no longer necessary, the UCPCOG Board will authorize the closure of the bank account. The staff of the Finance Department will then be required to complete the following:

1. Ensure all the transactions with respect to the account (including checks drawn) have been completed.
2. Lodge with the bank a letter, signed by the Executive Director and/or UCPCOG Board member as authorized signatories advising the closure of the account;
3. Meet the bank's requirements with respect to account closure; and

4. Update the financial system and bank account register.

The finance staff will be responsible for carrying out the following duties in regard to payment stop on a check:

1. Ensure the check has not already been presented at the bank;
2. Obtain authorization to stop payment using appropriate forms from the bank;
3. Ensure the bank receives notification of the stop payment notice;
4. Receive confirmation of action from the bank of stop payment; and
5. Ensure the details of the stop payment are entered into the accounting system.

Bank Account Reconciliation

Timely reconciling all bank accounts is a key component of good controls over cash. Reconciling the bank balance with the book balance (general ledger) is necessary to ensure that:

1. all receipts and disbursements are recorded (an essential process in ensuring complete and accurate monthly financial statements);
2. checks are clearing the bank in a reasonable time;
3. reconciling items are appropriate and are being recorded; and
4. the reconciled cash balance agrees to the general ledger cash balance.

Bank deposits are made daily in accordance with North Carolina General Statute (NCGS) 159-32, unless the amount of money to be deposited is less than \$500.

Bank statements are received from the bank monthly and reconciled by the UCPCOG finance director. The reconciled statements are verified and signed off on by the UCPCOG authorized agent.

The monthly bank reconciliations are to be properly completed, dated, and signed by both the preparer and reviewer/approver and be maintained on file for subsequent review and audit.

Bank account balances are reviewed monthly to ensure that they are fully secured and that the types of securities pledged by the financial institution are in accordance with state law.

STALE CHECK POLICY

Checks that have been outstanding for six months or more is considered to be stale. Banks are not obligated to honor these checks, though they may choose to do so, and a stale-dated check may be returned if the bank refuses to cash it. The Uniform Commercial Code (UCC) governs the validity of checks, and it specifies that banks are not required to pay a check presented more than six months after its date.

Procedures for handling stale checks:

1. Notification to payee shall be done by phone, letter or email with a specified due date of response, normally 30 days. The notification shall provide various methods for the payee to respond, such as by letter or email. If attempts to reach the payee are unsuccessful, the check will be voided.
2. Due diligence must be considered. The UCPCOG finance department will make a good-faith effort to contact the payee and document accordingly.

Procedures to Help Avoid Stale Checks

- a) Stay up-to-date on laws of North Carolina.
- b) Deposit checks promptly to prevent them from becoming stale.
- c) Reconcile bank statements regularly to identify outstanding checks and take necessary action.
- d) Consider alternative payment methods if you know there will be a delay in cashing a check.
- e) Ensure accurate accounting by maintaining meticulous records.

ALLOWABLE COSTS POLICY

As outlined in the Uniform Guidance at 2 CFR Part 200, Subpart E regarding Cost Principles, allowable costs are based on the premise that a recipient is responsible for the effective administration of Federal awards, application of sound management practices, and administration of Federal funds in a manner consistent with the program objectives and terms and conditions of the award. Recipients must implement robust internal controls and effective monitoring to ensure compliance with the Cost Principles, which are important for building trust and accountability.

Uniform Guidance outlines the types of costs that are allowable, including certain audit costs. For example, per 2 CFR 200.425, a reasonably proportionate share of the costs of audits required by the Single Audit Act Amendments of 1996 are allowable; however, costs for audits that were not performed in accordance with 2 CFR Part 200, Subpart F are not allowable.

In North Carolina, a local government's allowable costs for federal grants are generally determined by federal regulations, specifically the Uniform Guidance (2 CFR Part 200). These costs must be necessary, reasonable, allocable, and consistently applied to both federal and non-federal activities. Additionally, they must be properly documented and aligned with the approved project budget or application.

Considerations for Allowable Costs:

Costs must be essential for the proper and efficient performance of the grant project and not exceed what a prudent person would incur under similar circumstances. Except where otherwise authorized by statute, costs must meet the following criteria to be allowable under Federal awards.

- A. Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- B. Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- C. Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the recipient or subrecipient.
- D. Ensure consistent treatment. For example, a cost must not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- E. Be determined in accordance with generally accepted accounting principles (GAAP), except, for State and local governments and Indian Tribes only, as otherwise provided for in this part.

- F. Not be included as a cost or used to meet cost sharing requirements of any other federally-financed program in either the current or a prior period. See § 200.306(b).
- G. Be adequately documented. See §§ 200.300 through 200.309.

Administrative closeout costs may be incurred until the due date of the final report(s). If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the Federal agency. All other costs must be incurred during the approved budget period. At its discretion, the Federal agency is authorized to waive prior written approvals to carry forward unobligated balances to subsequent budget periods. See § 200.308(g)(3).

A cost is reasonable if it does not exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made to incur the cost. In determining the reasonableness of a given cost, consideration must be given to the following:

- a. Whether the cost is generally recognized as ordinary and necessary for the recipient's or subrecipient's operation or the proper and efficient performance of the Federal award;
- b. The restraints or requirements imposed by such factors as sound business practices; arm's-length bargaining; Federal, State, local, tribal, and other laws and regulations; and terms and conditions of the Federal award;
- c. Market prices for comparable costs for the geographic area;
- d. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the recipient or subrecipient, its employees, its students or membership (if applicable), the public at large, and the Federal Government; and
- e. Whether the cost represents a deviation from the recipient's or subrecipient's established written policies and procedures for incurring costs.

Allocable Costs:

A cost is allocable to a federal award or other cost objective if the cost is assignable to that Federal award or other cost objective in accordance with the relative benefits received. This standard is met if the cost satisfies any of the following criteria:

- a. Is incurred specifically for the Federal award;
- b. Benefits both the Federal award and other work of the recipient or subrecipient and can be distributed in proportions that may be approximated using reasonable methods; or
- c. Is necessary to the overall operation of the recipient or subrecipient and is assignable in part to the Federal award in accordance with these cost principles.

Allocation of indirect costs.

All activities which benefit from the recipient's or subrecipient's indirect cost, including unallowable activities and donated services by the recipient or subrecipient or third parties, will receive an appropriate allocation of indirect costs.

Limitation on charging certain allocable costs to other Federal awards.

A cost allocable to a particular Federal award may not be charged to other Federal awards (for example, to overcome fund deficiencies or to avoid restrictions imposed by Federal statutes, regulations, or the terms and conditions of the Federal awards). However, this prohibition would not preclude the recipient or subrecipient from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

Direct cost allocation principles.

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit; however, when those proportions cannot be determined because of the interrelationship of the work involved, then, notwithstanding the beforementioned paragraph, the costs may be allocated or transferred to benefited projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved, when no longer needed for the purpose for which it was originally required. See also §§ 200.310 through 200.316 and 200.439.

Prior Approval

The reasonableness and allocability of certain costs under Federal awards may be difficult to determine. To avoid subsequent disallowance or dispute based on unreasonableness or nonallocability, the recipient may seek the prior written approval of the Federal agency (or, for indirect costs, the cognizant agency for indirect costs) before incurring the cost. The absence of prior written approval on any element of cost will not, in itself, affect the reasonableness or allocability of that cost unless prior approval is specifically required for allowability as described under certain circumstances in the following sections:

Limitations on Allowance of Costs

Statutory requirements may limit the allowability of costs. Any costs that exceed the maximum amount allowed by statute may not be charged to the Federal award. Only the amount allowable by statute may be charged to the Federal award.

Collection of Unallowable Costs

Payments made for costs determined to be unallowable by either the awarding Federal agency, cognizant agency for indirect costs, or pass-through entity must be refunded with interest to the Federal Government. Unless directed by Federal statute or regulation, repayments must be made in accordance with the instructions provided by the Federal agency or pass-through entity that made the allowability determination.

Adjustment of previously negotiated indirect cost rates containing unallowable costs.

Negotiated indirect cost rates based on a proposal later found to have included costs that:

- (1) Are unallowable as specified by Federal statutes, regulations or the terms and conditions of a federal award; or
- (2) Are unallowable because they are not allocable to the Federal award(s), must be adjusted, or a refund must be made in accordance with the requirements of this section. These adjustments or refunds are intended to correct the proposals used to establish the rates and do not constitute a reopening of the rate negotiation. The adjustments or refunds must be made regardless of the type of rate negotiated (predetermined, final, fixed, or provisional).

For rates covering a future fiscal year of the recipient or subrecipient, the unallowable costs must be removed from the indirect cost pools and the rates must be adjusted.

For rates covering a past period, the Federal share of the unallowable costs must be computed for each year involved, and a cash refund (including interest) must be made to the Federal Government in accordance with the directions provided by the cognizant agency for indirect costs. When cash refunds are made for past periods covered by provisional or fixed rates, appropriate adjustments must be made when the rates are finalized to avoid duplicate recovery of the unallowable costs.

For rates covering the current period, either a rate adjustment or a refund must be required by the cognizant agency for indirect costs. The choice of method must be at the discretion of the cognizant agency for indirect costs, based on its judgment as to which method would be most practical.

The amount or proportion of unallowable costs included in each year's rate will be assumed to be the same as the amount or proportion of unallowable costs included in the base year proposal used to establish the rate.

Direct and Indirect Costs

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as direct or indirect costs.

Costs charged directly to a federal award are typically incurred specifically for that Federal award (including, for example, supplies needed to achieve the award's objectives, and the proportion of employee compensation and fringe benefits expended in relation to that specific award). Costs that otherwise would be treated as indirect costs may also be considered direct costs if they are directly related to a specific award (including, for example, extraordinary utility consumption, the cost of materials supplied from stock or services rendered by specialized facilities, cybersecurity, integrated data systems, asset management systems, performance management costs, program evaluation costs, or other institutional service operations).

It is not always possible to specify the types of costs that may be classified as indirect costs for organizations due to the diversity of their accounting practices. The association of a cost with a federal award is the determining factor in distinguishing direct from indirect costs. However, typical examples of indirect cost for many nonprofit organizations may include depreciation on buildings and equipment, the costs of operating and maintaining facilities, and general administration and general expenses, such as the salaries and expenses of Executive Directors, personnel administration, and accounting.

Acceptance of Negotiated Indirect Cost Rates

Negotiated indirect cost rates must be accepted by all Federal agencies. A Federal agency may use a rate different from the negotiated rate for either a class of Federal awards or a single Federal award only when required by Federal statute or regulation, or when approved by the awarding Federal agency in accordance with paragraph (3) of this section.

- 1) The Federal agency must notify OMB of any approved deviations. The recipient or subrecipient may notify OMB of any disputes with Federal agencies regarding the application of a federally negotiated indirect cost rate.
- 2) The Federal agency must implement, and make publicly available, the policies, procedures, and general decision-making criteria that their programs will follow to seek and justify deviations from negotiated rates.
- 3) The Federal agency must include, in the notice of funding opportunity, the policies relating to indirect cost rate reimbursement or cost share as approved. As appropriate, the Federal agency should incorporate discussion of these policies into its outreach activities with applicants before posting a notice of funding opportunity. See § 200.204.

Cost Allocation Plan & Indirect Cost Rate Certification

Each cost allocation plan or indirect cost rate proposal must comply with the following:

- (1) A proposal to establish a cost allocation plan or an indirect cost rate, whether submitted to a Federal cognizant agency for indirect costs or maintained on file by the recipient, must be certified by the recipient using the *Certificate of Cost Allocation Plan* or *Certificate of Indirect Costs*. The certificate must be signed on behalf of the recipient by an individual at a level no lower than the financial Director of the recipient that submits the proposal.
- (2) The Federal Government may either disallow all indirect costs or unilaterally establish an indirect cost rate when the recipient fails to submit a certified proposal for establishing a rate. This rate should be based upon audited historical data or other data furnished to the cognizant agency for indirect costs and for which it can be demonstrated that all unallowable costs have been excluded. The rate established must ensure that potentially unallowable costs are not reimbursed.

The recipient must certify that the requirements and standards for lobbying (see § 200.450) have been met when submitting its indirect cost rate proposal.

Submission of Indirect Cost Rate Proposals

- a. All departments or agencies of the governmental unit desiring to claim indirect costs under Federal awards must prepare an indirect cost rate proposal and related documentation to support those costs. The proposal and related documentation must be retained for audit in accordance with the records retention requirements contained in § 200.334.
- b. A governmental department or agency unit that receives more than \$35 million in direct Federal funding must submit its indirect cost rate proposal to its cognizant agency for indirect costs. Other governmental departments or agencies must develop an indirect cost proposal in accordance with the requirements of UG 200.34 and maintain the proposal and related supporting documentation for audit. **These governmental departments or agencies are not required to submit their proposals unless they are specifically requested to do so by the cognizant agency for indirect costs. Where a non-Federal entity only receives funds as a subrecipient, the pass-through entity will be responsible for negotiating and/or monitoring the subrecipient's indirect costs.**

Fringe Benefits

Fringe benefits are allowances and services employers provide to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, retirement, and unemployment benefits.

Except as provided elsewhere in these principles, the costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, an organization-employee agreement, or an established policy of the recipient or subrecipient.

The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in § 200.447); retirement plan costs; and other similar benefits are allowable, provided such benefits are permitted under established written policies. The recipient or subrecipient must allocate fringe benefits to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities and charged as direct or indirect costs following the recipient's or subrecipient's accounting practices.

The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:

- a. They are provided under established written leave policies;
- b. The costs are equitably allocated to all related activities, including Federal awards; and,
- c. The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the recipient or subrecipient or a specified grouping of employees;
- d. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment and should be allocated as a general administrative expense to all activities or included in the fringe benefit rate;
- e. The accrual basis may be only used for those types of leave for which a liability as defined by GAAP exists when the leave is earned. When a recipient or subrecipient uses the accrual basis of accounting, allowable leave costs are the lesser of the amount accrued or funded.

The recipient or subrecipient may assign fringe benefits to cost objectives by identifying specific benefits to specific individual employees or by allocating them based on entity-wide salaries and wages of the employees receiving the benefits. When the allocation method is used, separate allocations must be made to selective groupings of employees unless the recipient or subrecipient demonstrates that costs in relationship to salaries and wages do not differ significantly for different groups of employees.

Costs resulting from recipient or subrecipient violations of, alleged violations of, or failure to comply with, Federal, State, local, tribal, or foreign laws and regulations are unallowable, except

when incurred as a result of compliance with specific provisions of the Federal award, or with the prior written approval of the Federal agency. See § 200.435.

BUDGETING POLICY AND PROCEDURES

Overview

Budgeting is an integral part of managing any organization in that it is concerned with the translation of organizational goals and objectives into financial terms. A budget should be designed and prepared to direct the most efficient and prudent use of the organization's financial resources. A budget is a commitment plan for present and future organizational activities that will ensure survival. It provides an opportunity to examine the composition and viability of the organization's programs and activities simultaneously in light of the available resources. The budget is a plan that establishes the spending authority for the UCPCOG's programs and projects during the budget period. The UCPCOG Annual Budget serves as the foundation for UCPCOG Financial, Planning and Control.

The UCPCOG's budgets are adopted as required by the North Carolina General Statutes. A budget ordinance is balanced when the sum of revenues and appropriated fund balances is equal to appropriations. A budget resolution must be approved and adopted by the Board of Directors before June 30 for each fiscal year beginning July 1. The budget shall comply in all respects with the limitations imposed by G.S.159-13(b). UCPCOG uses the modified accrual basis of accounting which provides a short-term spending focus. This ensures and reflects compliance (or non-compliance) with finance-related legal requirements, such as General Statutes and Budget Ordinance.

Budget Requests

During March of each year, department directors submit their preliminary budget requests and revenue estimates for the next fiscal year to the Finance department. A complete statement of the amount estimated to be expended for each grant in the current year's budget ordinance by the end of the fiscal year, the amount realized from each source of revenue during the immediately preceding fiscal year, and the amount estimated to be realized from each source of revenue by the end of the current fiscal year, and such other data and information on the fiscal operations as the finance director deems necessary.

The budget ordinance shall authorize all financial transactions of the UCPCOG for all grants or projects and may be in any form that the board of directors considers most efficient in enabling it to make the fiscal policy decisions embodied therein, but it shall make appropriations by department, fund, or function, and show revenues and expenditures by fund source. Before adopting the budget ordinance, the board shall hold a public hearing at which time any persons who wish to be heard on the budget may appear. (1927, c. 146, s. 7; 1955, cc. 698, 724, c. 780, s. 1; 2020-3, s. 4.27(a).)

Revenue estimates must be documented and conservative to avoid overspending available resources. The Finance department uses this information to prepare the operating budget for submission to the Board of Directors. Funding agencies determine the submission and approval dates of program budgets. After the required approvals are obtained, the Finance department updates the accounting records. Additionally, the Finance department uses these requirements to prepare the Indirect Cost Allocation Plan (CAP).

Budget Amendments

Except as otherwise restricted by law, the board of directors may amend the budget ordinance at any time after the ordinance's adoption in any manner, so long as the ordinance, as amended, continues to satisfy the requirements of G.S. 156-8 and 159-13. The board of directors by appropriate resolution may authorize the finance director to transfer moneys from one appropriation to another within the same fund subject to such limitations and procedures as it may prescribe.

The appropriate funding agency and the UCPCOG Board of Directors must first approve program budget amendments. Budget amendments become necessary when the fund amount is increased/decreased, or a new contract/grant is awarded. The Finance department is responsible for maintaining budgets and preparing amendments for presentation to the Board of Directors. The Executive Director provides the list of amendments to the board members at least one week prior to the board meeting.

Program directors may submit line-item revisions, not requiring budget amendments to the Finance department. Expenditure reports, showing budget and expenditures by line-item are made available to each program director after all transactions are posted each month. Reports may also be run as needed prior to the end of the month. Program directors should review these reports to determine if any line-item revisions and or budget amendments are needed. The Finance department updates the accounting records based on documentation received from the program directors.

The link below describes the requirements for an organization receiving federal funds that are under a \$35,000,000 threshold.

<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/appendix-Appendix%20VII%20to%20Part%20200>

PAYROLL POLICY AND PROCEDURES

Payroll Processing: Employees are paid monthly. The finance director prepares yearly processing schedules with timesheet due dates for the employees. Department Directors approve all time sheets for their respective employees. Any necessary corrections are made and approved by the Directors before the timesheets are submitted to the finance department. The finance director verifies the payroll information in Smart Fusion software program. The Finance director maintains all payroll documentation and journals. All payroll reports are reviewed for accuracy by the Finance director and approved by the Executive Director direct deposits are processed.

Payroll journal entries are processed automatically by the system. Allocations are made to each program based on the information from the time entered in Timeclock Plus. All payroll entries are reconciled with the payroll reports. The payroll withholding accounts are reconciled monthly. Timesheets are verified and approved by the department directors.

New Employee Enrollment: The enrollment of new employees should, as a minimum, include the following:

- Completion of W-4 Federal and NC-4 State withholding forms.
- Obtain a copy of enrollee's social security card and driver's license which are maintained in the Executive Director's office.
- Completion of I-9, (E-Verify) employment eligibility verification, form.
- Completion of retirement forms for eligible enrollees. Eligible employees must contribute 6% of their salary each month to the State Retirement System.
- Completion of applicable insurance forms for eligible (full-time permanent) employees. Explain coverage and effective dates and provide enrollees with insurance information.
- Explain the operation and advantage of contributing to the Deferred Compensation Plan (457) and the NC 401(K) Plan. UCPCOG will match up to 2% of the employee's salary. Employees may participate in both plans. Should an employee elect to participate in both plans, the UCPCOG match must be applied to the NC 401(K) Plan. Provide the website and/or telephone number for the employee to enroll in either program.

- Provide an explanation of payroll pretax deductions. Retirement contributions are tax deferred from Federal and State taxes only. Insurance premiums, cafeteria plan and childcare reimbursement accounts are pre-taxed for Federal, State and FICA taxes. The cafeteria plan begins January 1 of each year. New employees may begin pre-taxing payroll deductions of insurance premiums, cafeteria plan and childcare reimbursement at the time of employment. The new employee should complete applicable forms.
- Explain direct deposit of payroll and complete the necessary authorization for employees who want to participate in the plan.
- A void check should be obtained to ensure that the correct financial institution transit number is used to establish the direct deposit.
- Provide the new employee with a copy of the UCPCOG Personnel Policy Manual and The Accounting Policy and Procedures, and copies of staff memos affecting entitlements for changes to policies.

INTERNAL CONTROL POLICY

The UCPCOG has set forth the following internal control procedures to ensure compliance with all applicable laws and regulations. Internal controls are vital for identifying and addressing performance and management challenges and areas at the greatest risk of fraud, waste, and abuse, waste, abuse, and mismanagement. It is the goal of UCPCOG to implement and maintain a sound and comprehensive framework for internal control.

The UCPCOG maintains an accounting system according to the N.C. Local Government Budget and Fiscal Control Act. The UCPCOG's accounting system is designed to show appropriations and estimated revenues as established in the budget ordinance as originally adopted and subsequently amended.

Effectiveness and efficiency of operations:

Controls within the UCPCOG are meant to encourage efficient and effective use of its resources, including personnel, to optimize the UCPCOG organization's goals. Good internal controls should also provide for a more streamlined operational system.

Unnecessary duplication of effort or inefficient processing of work can be detected by a good internal control system.

Physical assets of an entity can be stolen, misused, or accidentally destroyed unless they are protected by adequate controls. The same is true in other assets, such as cash, accounts receivable, records, journals, and other important documents. Safeguarding information stored electronically has also become increasingly important. The subsequent increase in electronic transactions and "electronic access" will require increased security for electronic information resources.

Reliability of financial reporting:

The finance director and/or authorized agent of the UCPCOG is responsible for preparing financial statements. The finance director and/or authorized agent has both a legal and professional responsibility to be sure that the information is fairly prepared in accordance with Generally Accepted Accounting Principles (GAAP). Information concerning the operations and financial condition of the UCPCOG must be accurate in order to be useful.

Compliance with applicable laws and regulations:

For units of local government, a good system of internal controls should identify applicable laws and regulations and provide reasonable assurance that the local government complies with those laws and regulations. These laws include the Local Government Budget and Fiscal Control Act, (G.S. 159), other general statutes, and grant agreements applicable to the UCPCOG.

Segregation of Duties

Adequate segregation of duties reduces the opportunities for someone to be in a position to both commit and hide errors or irregularities in their duties.

Generally, this is achieved by dividing the responsibilities of authorizing transactions, recording transactions, and maintaining custody of assets between staff members.

Internal controls in small units of government, like the UCPCOG, presents a problem in that there are not enough financial management staff members to adequately segregate duties while performing day-to-day tasks. Recognizing this limitation, the UCPCOG strives to take the necessary precautions in order to adequately protect its assets.

Internal Control in the Accounting System The UCPCOG maintains an accounting system according to the N. C. Local Government Budget and Fiscal Control Act and follows §G.S.159-26 requiring that the accounting system must do the following:

- Show in detail its assets, liabilities, equities, revenues, and expenditures.
- Record budgeted as well as actual expenditures and budgeted or estimated revenues as well as their collection.
- Establish accounting funds as required by §G.S. 159-26(b), Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board (GASB).
- Use the modified accrual basis of accounting.
- Record encumbrances represented by outstanding purchase orders and contractual obligations that are chargeable against budget appropriations.
- All journals, ledgers and other accounting records should be kept up-to-date at all times and should be balanced.
- Duties should be segregated as much as possible between custody of assets and recording of the transactions.
- System should be in place to make certain that the preaudit process is functioning properly.
- All expenditures made in excess of appropriations should be investigated and resolved.

Accounting System funds and ledgers:

1. Encumbrance System – UCPCOG records and shows in the accounting system the encumbrances outstanding against each category of expenditure appropriated in its budget ordinance.

2. General Fund – The General Fund is the chief operating fund of the UCPCOG. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund.
3. Special Revenue Fund – Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes.
4. Internal Service Fund – The Internal Service Fund §1300.104 b (2) of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards states that internal service funds should be used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

The UCPCOG's internal service fund is used to account for the financing on a cost-reimbursement basis of goods or services provided by one department or agency to other departments or agencies within the same government.

One of the key issues in determining whether or not transactions should be accounted for in an internal service fund is the issue of recovering the cost of fixed assets used (i.e. depreciation). The 1988 edition of Governmental Accounting, Auditing and Financial Reporting (GAAFR) published by the Government Finance Directors Association (GFOA) states: "If the cost of the fixed assets is to be passed on to the user, the internal service fund should be used so that depreciation expense may be included in the user charge."

The UCPCOG pools certain costs to be reimbursed by grantor agencies and member governments (principally, grantor agencies). Thus, the cost-reimbursement basis relationship exists.

Costs which are reimbursed include depreciation (or use charges). The relationship here is the desire to accumulate resources for replacing fixed assets.

Certain costs are pooled and allocated to various grants, contracts, projects, or other activities. These pooled costs are allocated based upon rates determined with a cost allocation plan. This relationship is the desire to combine certain costs so they can be redistributed to benefiting programs.

The UCPCOG is required to account for their pooled costs in an internal service fund. All transactions (actual cost) relating to the pooled costs will be recorded in one internal service fund.

Fixed assets, which will be depreciated as an allowable cost in the indirect cost pool, must be capitalized in the internal service fund. The fixed assets should be capitalized and recorded as contributed capital at original cost. Accumulated depreciation taken to date should be recorded. However, in no instance should the net book value recorded in the internal service fund be greater than the current market value of the transferred assets. The value of the fixed assets is treated as contributed capital from the government because these fixed assets were originally purchased from

governmental fund resources. The cost of the fixed assets should be deleted from the general fixed asset account group (refer to GAAFR, GFOA).

All salaries and wages may be paid from a payroll checking account assigned to the internal service fund; both direct and indirect (gross) salaries and wages. Indirect salaries and wages would be charged to the indirect cost pool in the internal service fund. Any salaries and wages applicable to other funds should be recorded as a “due from” the appropriate fund. For example; salaries and wages chargeable to a grant, contract, project or activity would be recorded in the internal service fund as a “due from” the special revenue fund. In the special revenue fund, a corresponding “due to” the internal service fund would be credited as salaries and wages are charged to the applicable grant, contract, project or activity.

An alternate method to recording “due to” and “due from” amounts would be to credit the appropriate cash account in the same fund for which the salaries and wages are charged (contra accounts would not be necessary using this method). This can easily be accomplished by assigning an account code to the payroll bank account and recording each funds portion of the balance in the individual funds.

Actual costs incurred for payroll taxes, retirement, insurance, and other fringe benefits (included in pooled costs) should be paid out of the internal service fund.

Fixed assets purchased by the UCPCOG, for which depreciation will be charged to a cost allocation pool should be capitalized in the internal service fund.

All other actual allowable costs (i.e. in accordance with the Uniform Guidance) which are to be allocated should be charged to the appropriate cost pool.

Depreciation should be recognized as an expense in the indirect pool with a corresponding credit to accumulated depreciation. If use allowances are used, a separate pool must be utilized (optional).

Pooled cost recoveries from other funds should be recognized as revenue in the internal service fund.

If multiple bank accounts are used “due to” and “due from” balances should be liquidated through the transfer of cash between the appropriate bank accounts.

All adjustments between provisional and actual rates should be made at year-end. However, adjustments to actual on a monthly or quarterly basis are allowable.

Even though the internal service fund will account for all cost pools, the reimbursement for these costs could be billed to more than one fund. The majority of the reimbursements will be billed and recovered from the special revenue fund (I.e. from grants, contracts, projects or activities). However, there may be circumstances where a portion of the costs might be incurred in the general or enterprise funds (i.e. the allocations were recorded in those funds). Additionally, funds earned

in the special revenue fund might not be enough to recover all of the costs incurred; therefore, another fund (such as general) might have to provide the recovery (reimbursement) of these costs.

Applying this accounting methodology will allow for the integration of fund accounting and cost allocation accounting as well as permit the preparation of financial statements in accordance with generally accepted governmental accounting principles.

Costs Pools

The UCPCOG is required to account for their Indirect, Fringe, and Occupancy and Workforce Development pooled costs in an internal service fund. Pooled cost recoveries from other funds should be recognized as revenue in the internal service fund. Even though the internal service fund will account for all cost pools, the reimbursement for these costs could be billed to more than one fund. Many of the reimbursements will be billed and recovered from the special revenue fund (I.e. from grants, contracts, projects or activities). However, there may be circumstances where a portion of the costs might be incurred in the general fund. Additionally, funds earned in the special revenue fund might not be enough to recover all the costs incurred; therefore, another fund (such as general) might have to provide the recovery (reimbursement) of these costs.

Applying this accounting methodology allows for the integration of fund accounting and cost allocation accounting as well as permitting the preparation of financial statements in accordance with GAAP.

Internal Control Procedures - General and Statutory

The UCPCOG develops and approves an annual budget according to NCGS 159-13. The budget shows in detail the revenues and expenditures to fund the operations of the UCPCOG.

All minutes of the governing body are approved by the Board of Directors and become permanent records of the UCPCOG.

All employees who handle money or have access to inventories are bonded under a blanket bond. The Finance Officer is bonded as required under NCGS 159-29.

A complete schedule of insurance coverage and limits are maintained showing expiration dates, premiums, co-insurance clauses and other essential information. The Finance Director and Executive Assistant maintains all insurance schedules and they are reviewed periodically.

Internal Control in Cash Disbursements / Accounts Payable

Expenditures are controlled using the budget ordinance. All expenditures have a sufficient budgeted revenue or available fund balance to cover the expenditure.

All budget appropriations in the current year are recorded in the appropriate expenditure account.

All expenditures are charged against an appropriation account.

All accounts payable are reconciled to the general ledger on a monthly basis.

All adjustments are fully documented.

The Finance and Department Directors approve all invoices before payment is made.

The Finance Officer prepares all check disbursements.

The Executive Director and Finance Director are signers of the disbursement checks.

Pre-numbered checks are used for all cash disbursements.

Voided checks are marked “VOID” across the face of the check so that no one can use them.

Voided checks are maintained on file with other cancelled checks.

Blank checks are never signed in advance.

Check signers review documentation supporting the disbursements prior to signing the checks.

All checks have properly signed pre-audit certificates (NCGS 159-28) stamped on the face of the check.

Two signatures are required on all checks. If facsimile signatures are used, they are adequately controlled.

Prior to making disbursements to a vendor, the UCPCOG requires the necessary IRS Form 1099 information.

All wire transfers are made by the Finance Director and reviewed by the Executive Director.

The department directors must approve all requests for travel reimbursement for an employee along with supporting documentation. The executive director approves all travel requests for department heads.

Internal Control Procedures Specific to Payroll Disbursements

An individual seeking employment with the UCPCOG will complete an application which will be kept on file with the executive director.

All positions will have a job description outlining his/her responsibilities along with the following:

- Hiring Authorization
- Salary history
- The Executive Director approves all salary amounts.
- Hours authorized to work.
- Federal and State withholding forms.
- Health Insurance and Retirement deduction information.
- Authorization for all other payroll deductions.

Any changes in an employee's status should be supported by the appropriate documentation in the employees' personnel file.

Payroll is handled like other cash disbursements except that a time keeping system is used to record hours worked by grant by the employee and approved by the appropriate director.

All payroll payments are made by direct deposit to the employee's chosen bank account.

Payroll for employees is processed by a third party, reviewed by the finance director and approved by the Executive Director before disbursement.

The UCPCOG maintains an official Personnel Policy that was adopted by the Board of Directors in April 2024 and amended from time to time.

Internal Control Procedures for Purchasing

The UCPCOG's department directors are authorized to purchase small items less than \$2,500 without a purchase order. Department Directors must submit an invoice or receipt to the Finance Officer to request payment.

Purchases less than \$2,500 are not required to submit competitive price quotes, however, staff is encouraged to be economical in all smaller purchasing decisions.

All purchases of amounts greater than \$2,500 must be made with the use of a purchase order/requisition form issued by the department.

The Finance Director shall have the authority to approve all purchases orders.

Purchases of \$10,000-90,000 must have price quotes from at least three (3) vendors. In case of limited availability for the supplies needed, every effort will be made to obtain price quotes from at least two (2) vendors. The price quotes should be documented on the purchase order/requisition.

Purchases over the \$2,500 limit will be handled in accordance with North Carolina General Statutes.

The Executive Director must approve all purchases.

The Board of Directors must grant approval of all purchases greater than \$90,000.

The UCPCOG maintains an official Procurement Policy that was adopted by the Board of Directors in March 2025 that is amended from time to time as state, local, and federal guidelines change.

Internal Control Procedures for Investment Management

All investments are made in compliance with NCGS 159-30.

The Finance Director shall be responsible for the investment of idle funds.

The Finance Director maintains sufficient funds in the UCPCOG's checking account to meet current liabilities and daily operations.

The UCPCOG maintains an official Investment Policy that was adopted by the Board of Directors in May 2025 and amended from time to time. The policy is made a part of this manual.

Internal Controls – Cash Management – The purpose of the Cash Management Internal Control Policy is to establish procedures for safe handling, timely deposit, and secure management of all funds, ensuring compliance with all applicable laws and regulations and promoting best practices in cash management. This policy includes procedures for documenting receipts and deposits, performing monthly reconciliations, and ensuring proper internal controls to safeguard all funds.

- The Executive Assistant gives the finance director and authorized agent the check log with a copy of the checks attached. This report is compared with the check backup – to ensure accuracy. The payment is posted in the general ledger by the Finance Director.
- All cash receipts are reconciled to the general ledger and bank statements, by the Finance Director monthly. Discrepancies are researched and corrected prior to the completion of monthly processing.

Cash Receipt Responsibilities:

The following steps are used to process cash receipts received through the US postal system.

- Mail is received and opened by the Executive Assistant.
- Copies of payments and a check log are completed by the Executive Assistant on the date the negotiable instrument is received. Each negotiable instrument is stamped with the appropriate Truist account number. The check log contains instrument number, payor, amount of instrument and source of the funds and the amount. Deposit Log and copies of all payments received are given to the Finance Director. Funds received by the UCPCOG, over the amount of \$500, are deposited or scanned daily.
- The Finance Director deposits the negotiable instruments using Truist's remote deposit software. Cash is deposited manually. The total of the check log-deposit copy must agree with the total contained on the bank's deposit summary report.
- The Finance Director receives all payments and records the transactions in the accounting system.
- The Finance Director provides the UCPCOG Board of Directors with a monthly financial report showing all budget revenues and expenditures along with cash and investment balances.
- Bank deposits are made daily in accordance with North Carolina General Statute (NCGS) 159-32, unless the amount of money to be deposited is less than \$250.

- Bank statements are received from the bank monthly and are reconciled by UCPCOG finance director. The reconciled statements are verified and signed off on by the UCPCOG authorized agent. If adjustments and/or journal entries are required, the Finance Director or authorized agent makes the necessary adjustments.

Monitoring Cash Management Procedures: The financial environment in which UCPCOG operates is constantly changing. To function efficiently, in this changing environment, cash management procedures should be evaluated periodically. Cash management programs should not be rigid or automatic. A good cash management program must be flexible and adaptable as the financial environment changes.

Deposits:

UCPCOG deposits are collateralized using the Pooling Method of collateralization. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurers' agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for UCPCOG, these deposits are held by their agents in the entities' name. The amount of the pledged collateral is based on the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

Deposit slips contain the name of the check writer, date, and the amount of each check. Monies received is credited to the appropriate revenue account of a designated fund. Bank deposits are made in accordance with G.S.159-32. Funds not deposited on the day of receipt is placed in a lock box until deposit.

The Finance Director or authorized staff member will transport the funds to the bank for deposit. A deposit ticket is received from the bank and used as verification for deposit. If electronic deposits are used, the Finance Director will ensure the deposit is made securely through the bank's online portal and the documentation is printed and filed. The Finance Director records the deposit in the accounting system and maintains the supporting documentation for auditing purposes.

A minimum number of bank accounts are maintained to provide flexibility in the investment and movement of funds. Funds investment priorities are safety, liquidity, and rate of return.

Cash Disbursements:

Disbursements are made weekly. Invoices are received and coded, for payment, by the appropriate department. Invoices are matched with approved purchase orders/requisitions (if applicable). All payments must be approved by Finance and Department Directors prior to processing.

UCPCOG Disbursement Procedures:

- The department directors review documentation for their department of any reimbursement requests submitted. After the review, the director approves the request by signature and routes the documentation to the finance department.
- The finance director reviews the documentation to make certain the appropriate approval is in place before entering in the accounting system.
- Once the payable is processed the finance director routes the check register to the Executive Director for review and approval.

The beforementioned procedures are completed prior to checks being signed.

UCPCOG issues laser printed checks with two signatures, using a MICR toner cartridge. The Finance Department controls access to the MICR toner cartridge. Vendor files containing copies of checks and invoices are maintained by fiscal year. Monthly spending reports are provided to department Executive Directors for their review. The check register report is forwarded to the Executive Director for review and approval before payments are issued.

All manual checks is pre-numbered and controlled. Check signers are authorized by the Board of Directors. Except as otherwise provided by law, all checks on an official depository shall be signed by the finance Director and countersigned by another official authority designated for this purpose by the Board of Directors. All payments are supported by documentation of approval.

Internal Controls – Accounts Receivable – The primary control in the receivable function is the segregation of duties for receipting cash and posting it to the accounts receivable ledger. Receivables should be reconciled periodically, and delinquent accounts should be reviewed by the appropriate staff. Although sometimes difficult in smaller department capacities, duties should be separated as much as possible between the three-sectors of the revenue cycle – billing, collections, and maintenance of the receivable records.

When possible, daily posting of receipts to accounts receivable ledgers should be done by someone other than the staff person responsible for cash receipts.

Internal Controls – Long-Term Liabilities – All lease agreements, installment contracts for fixed assets shall be reflected on the financial records as long-term debt and fixed assets.

Internal Controls - Disaster Recovery - Protection of accounting files is essential to the operation of the UCPCOG. Integrity and accuracy of business and financial data are crucial factors in the efficient and timely operation of UCPCOG programs. Accounting files are maintained on a local area network (LAN). To avoid loss of accounting files/data the following procedures are used:

1. Backups of all servers, including accounting transactions, are made Monday through Friday, every four hours. As a part of the process the whole operating system and its data

is imaged to a Network Attached Storage device, SnapShots. 3 weeks' worth of backups are kept for retention purposes.

2. In case recovery is needed, the files can be restored from the backups. Also, in the event of a hardware failure, we can migrate the servers to a standby server or do an image recovery of the backups.

Internal Controls – Security Due to the design of UCPCOG, the Finance Department is accessible to internal employees only during working hours. The following areas/offices within the Finance Department do have a locking door and must secure the area when critical or confidential material is not able to be locked in a fireproof cabinet:

The cash received shall be stored in a fireproof lockbox that is located inside a designated agreed upon office. Select personnel will be granted access to the fireproof lockbox and issued a code that will be maintained and monitored by the executive assistant. Upon severing employment with the UCPCOG, the executive director will be responsible to disable their access. The Executive Director will have ultimate authority over the fireproof cabinet access.

Internal Controls – Blank Checks

Blank check stock for accounts payable is kept in a locked office within the Finance Department. When signing authority changes, these signatures are obtained by finance staff, submitted to UCPCOG's financial software company, and converted into an electronic file. Once the electronic file is created, it is uploaded to the UCPCOG's secure server and saved to the appropriate module by the UCPCOG's Information Technology Division. Only duly authorized personnel with data input responsibilities are allowed access to the system.

Internal Controls over Federal Awards The UCPCOG shall follow Uniform Guidance (2 C.F.R. Part 200) that suggests grant internal controls should be modeled after the "Standards for Internal Control in the Federal Government" (i.e., the Green Book). Accordingly, recipients of federal awards should base their system of internal controls over federal awards by:

- 1) Establishing a strong control environment by ensuring management clearly defines the roles and responsibilities to the administration of federal awards. Management must communicate that ethical behavior is a top priority and ensure that staff involved in grant administration is trained to carry out the federal award in compliance with governing federal and state law and the grant award terms and conditions.
- 2) Performing a risk assessment to identify risks in the recipient's grant management process. Management must identify potential risks that may result in noncompliance. For example, all direct costs charged to an award must be allowable as defined in the Uniform Guidance, Subpart E, Cost Principles. Management would want to assess whether there is an Allowable Cost policy in place (which is required), whether staff understands the cost items

that may be charged to a particular award, and whether the accounting system can properly track grant expenditures.

- 3) Implementing control activities to mitigate the risks identified during the risk assessment process. Control activities are the policies, procedures, and processes that, when implemented, promote efficient business operations, reliable financial reporting, and compliance with governing laws, including the grant award terms and conditions.
- 4) Communicating controls to employees responsible for managing the federal award and carrying out established control activities. The communication must be timely and accurate and may include training staff on the procedures management has implemented to assure compliance with governing laws and regulations.
- 5) Monitoring grant controls to ensure that they are working and are sufficient to provide reasonable assurance of reliable financial reporting and compliance with governing laws and regulations.

The Uniform Guidance mandates that recipients and subrecipients of federal awards take measures to safeguard federal funds by implementing a financial management system that is capable of accurately tracking and accounting for expenditures of grant funds. Recipients and subrecipients that expend \$1 million or more in federal financial assistance during a single fiscal year must undergo a federal audit. (2 C.F.R. § 200.501)

A strong internal control system is necessary to help ensure the effective operation of UCPCOG. Properly designed and functioning internal controls over key financial transactions and processes will significantly reduce the likelihood that errors or fraud will occur and/or remain undetected.

Internal Controls – Fixed Assets Fixed assets are defined as tangible in nature, with a useful life of more than one year. Use of a fixed asset control system provides effective property management and control. Management personnel use the system as a decision-making tool and to prevent possible misstatement of inventory values included in financial statements. The UCPCOG's assets with a value of \$5,000 or more are recorded on the fixed asset inventory spreadsheet. This value has been approved by and is subject to review by the UCPCOG Board of Directors. WIOA programs require a separate inventory of any asset purchases of \$500 or more.

All procurement activities involving the expenditure of federal funds must be conducted in compliance with the Procurement Standards codified in 2 C.F.R. § 200.317 through § 200-327 unless otherwise directed in writing by the federal agency or state pass-through agency that awarded the funds. UCPCOG will follow all applicable local, state, and federal procurement requirements when expending federal funds. Should the UCPCOG or any funding agency have more stringent requirements, the most restrictive requirement shall apply so long as it is consistent with state and federal law.

Purchase Order Procedure

A purchase order is required for any goods, equipment, and services (not included in a contract)

that exceeds \$2,500.00 either individually or in the aggregate.

Separate purchases may not be utilized to avoid the purchase order process.

A purchase order requisition is to be submitted to the department director if applicable and then sent to the Finance Department for Purchase Order preparation.

The purchase order is prepared and must be signed by: Department Director (or designee), Finance Director, and Executive Director.

Any one item purchased for \$5,000 or more that has a life expectancy of more than one year must be capitalized as a fixed asset.

Fixed Asset Management – Adequate accounting records is maintained that identify and classify all fixed assets. Guidelines are followed to distinguish between expensed items and capital additions. Purchases made with federal grant funds is identified as such and accounted for by the source of funds. Adequate insurance coverage is maintained on all real and personal property.

Fixed asset depreciation is recorded using the use allowance method. Depreciation is charged each month, to allocate the actual cost of the assets over their useful life.

Inventory items are recorded as expenditures at the time of purchase and charged to the appropriate program expense accounts. Equipment costs include freight and installation, if applicable. Maintenance costs are not recorded on the inventory.

Fixed assets are assigned a control number, and each item of equipment is tagged. Finance Department personnel issue control numbers and update the inventory control log, upon receipt of new equipment.

Department personnel perform an annual inventory to determine the existence, location, and condition of all fixed assets. This inventory is reconciled to the general ledger as part of the annual audit. All inventories are documented to ensure accurate information is available for required reporting. An annual inventory review is also performed, in conjunction with, the renewals of property and liability insurance.

Procedures of UCPCOG Property Disposal

If the asset was originally funded with Federal grant funds, in whole or in part, the Finance department must be notified and approve of the disposition prior to the completion of the Asset Disposition Form to determine if there are any external requirements related to the disposal of the property. Guidelines described in OMB Uniform Guidance for property financed by federally funded grants must be followed.

Approval is obtained by using the Asset Disposition Approval Form. Specific requirements, if any, should be detailed on the Asset Disposition Form.

Proceeds: All fixed assets are UCPCOG property and not the property of any single department. Therefore, proceeds obtained from the disposal of property shall be credited to the General Fund unless the property is externally funded, and the proceeds are restricted by agreement or law. Any exceptions to the distribution of the proceeds will be determined by the Finance Director.

Disposal Methods

Disposal by Trade-In: Departments are encouraged to dispose of used property by offering it for trade-in, if possible, when purchasing new property. The consent of the Finance Director must be obtained prior to using a fixed asset as a trade-in toward the purchase of a new asset, by completing the Asset Disposition Form. The quote with cost of the new item and the trade in value should be provided with the form. The newly acquired asset shall be recorded at gross value of the new asset not considering any trade-in value, after review and approval by the Finance Director. In no instance shall total cost exceed the fair market value of the new asset.

Disposal by Sale: This method of disposal is not encouraged. Generally, UCPCOG property should be used until they have little or no fair value. If an item or lot of items is deemed to have value over \$1,000, will be advertised on Govdeals.com or comparable website. Items will be sold “as is” for pickup. Any item that does not sell within 14 days will be either scrapped or donated. Any item with a current value of less than \$1,000 should be scrapped or donated but still require completion of the Asset Disposition Form.

The buyer of UCPCOG property must be given a descriptive receipt signed by Finance Department. The receipt must state that the sale is “Final” and the property is sold in “as is” condition without any express or implied warranties. After completion of the sale, the signed receipt copy will be submitted to the Finance Department, who, after review and approval of the Finance Director, will update the accumulated depreciation to the date of the sale (if applicable) and record the disposal of the asset.

Disposal by Scrap or Waste: Any fixed asset that has a value of less than \$1,000 that becomes obsolete, worn beyond reasonable repair, or no longer has a department use, must be reported on the Asset Disposition Form prior to disposal. The asset must be fully described noting serial number, and perceived condition. Disposal cannot occur until the disposition request has been approved.

Disposal of Stolen/Lost Assets: The Finance Department will review the Asset Disposition Form and any other relevant details regarding the stolen/lost property and if necessary, remove the item from the Fixed Asset list.

Disposal by Donation:

UCPCOG may choose to donate items to other Local Governments or appropriate nonprofit organizations if approved by the Board. A list of assets to be disposed of by donation will be provided to the Board at a regularly scheduled board meeting. Assets may be offered to member

governments or transferred to the appropriate nonprofit according to the Board's approval regarding that disposition.

Internal Controls – Credit Cards

General Procedures for Credit Card Purchases

At the time of purchase or online order, the department head must approve the purchase. The approved documentation is sent to finance. Finance director reviews and forwards to the Executive Director for approval. Anything of a suspicious nature is questioned.

These monthly credit card statements are thoroughly checked, and nothing is paid without a Credit Card transaction receipt, and proper approval of the department director and the card holder. Department directors will match the receipts to the monthly statements. All credit card statements are reviewed by the Finance Director and the Executive Assistant reviews the Executive Director's charges.

TURNING POINT WORKFORCE DEVELOPMENT BOARD, INC. FINANCIAL MANAGEMENT POLICY

Turning Point Local Service Area operates under a cost reimbursement system. This system reimburses a subrecipient for actual expenditures incurred during the preceding month.

Subrecipients will be allowed to **request** advances to cover their immediate cash needs. This amount is not to exceed 1/12th of the total contract (or applicable ratio depending on contract term). However, due to federal and state requirements, it is the responsibility of the subrecipient to make sure that excess cash is not kept on hand. Subrecipients are recommended to keep Workforce Development funds in **Interest-Bearing** accounts to provide **Program Income** to further expand program dollars. Monthly reimbursements are based on invoices from subrecipients. All settlements are made at year-end (or contract-end), using a closeout statement.

Workforce Development funds do consist of Federal and State dollars and therefore all laws regarding the appropriate use of dollars apply. These include, but are not limited to, insuring appropriate internal controls, compliance with Generally Accepted Accounting Principles, and complying with audit requirements. In compliance with these laws, the funds do not have to be kept in a separate bank account, they do have to be accounted for in a different fund/fund coding so that revenues and expenditures of these funds can be easily identified. Subrecipients shall report actual expenditures for the month by line item for each activity. Subrecipients will be reimbursed for the expenditures reported.

All five columns i.e. APPROVED BUDGET, CURRENT EXPENDITURES, YEAR-TO-DATE EXPENDITURES, REMAINING BALANCE, AND ACCRUALS, must be completed before reimbursement will occur. The budget amount should represent only the approved budget amount. If no budget has been approved, this column should be zeros. The accruals column must at the least have zeros reported. Subrecipient must utilize the appropriate reimbursement request form. **All reports (including extra-reporting as required) not fully completed correctly will be returned to the subrecipient and most likely result in delay of payment.**

The Expenditure Reimbursement Report must be signed by both the Agency Program Director and the Agency Finance Director. Reimbursements will be made according to the schedule provided

at the beginning of each fiscal year. **Calls made to the Workforce Director or Executive Director of the Council of Government will not result in a waiver of timing requirements resulting from subrecipient inability to report expenditures on a timely basis.**

The one exception to the above policy is regarding the voucher system. The voucher system does not impact the subrecipient relationship described above. As the vouchers are used and expended, the Workforce Development Staff notify the Finance Department of reimbursements due on the vouchers. The timing of the payments for vouchers and voucher requirements is covered under a separate policy.

Please contact the Finance Director if you have any questions regarding the above policy.

DRAWDOWN POLICY AND PROCEDURES

Drawdown of Federal Funds

The Upper Coastal Plain Council of Governments draws down federal funds approximately once a month, but no less than quarterly, for Workforce Investment and Opportunity Act (WIOA) and approximately once a quarter for Economic Development Administration (EDA), unless the federal granting agency requires another way of accessing their funds. The drawdown process is performed by the finance director. Federal funds are not normally drawn down until they have been spent.

Before each drawdown a report from the General Ledger is run that shows the balance owed on each federal grant. Should an overpayment appear on the report, no drawdown will occur for that grant.

All grants that show an overpayment are checked to make sure the grant was open when the expense occurred, and the overpayment was not caused by an advance payment.

Advancements are a rare occurrence, and the funds will not be drawn down from the federal site until the advance has been settled with actual receipts. The overpayment balance that the accounts receivable report reveals is then checked against the balance of each federal grant to ensure accuracy of the report. Once the grant is closed, any overpayment will be refunded to the granting agency.

EDA allows you to draw down no more than one quarter's worth at any time. EDA has set up a process where you request permission from EDA through the "EDGE" program. The on-line requests go to an EDA representative and the Program manager for review. Once approval is received the drawdown request is done in the ASAP program and again an EDA representative reviews and approves and the request is processed.

Federal grant funds are received from each granting agency via ACH straight into the designated bank account. A journal entry is prepared crediting the correct grant/contract accounts receivable with the amount.

Drawdown of WIOA Funds

WIOA drawdowns are prepared, reviewed, and processed by finance staff members. The following procedures are in place before the drawdown can be submitted:

1. Subrecipient invoices are reviewed for mathematical errors, signatures, and backup for reported expenses.

2. After verification, subrecipient invoices is sent to the WIOA Director for review and approval to process disbursement.
3. Once approval is obtained, the authorizing agent enters the subrecipient expenses into the WISE Tracking workbook and double checked against general ledger year-to-date amounts for accuracy.
4. The finance director enters expenses into the EBS portal for the drawdown. Once confirmation is received, the journal entry to record the revenue is completed by the finance director.

Drawdown of Other Funds

Most state and local contracts are on a reimbursement basis, either monthly or quarterly.

GRANT SPECIFIC PROCEDURES

Audit Review

1. An annual audit is required for outside agencies that have been contracted to provide WIOA services. Primarily these services are for Adult and Youth programs conducted on behalf of the WIOA Department.
2. Audits must be received by UCPCOG no later than nine (9) months after the close of the contractors Fiscal Year. Failure to submit the audit within this timeframe will result in the suspension of future payments to the contractor.
3. Audits are reviewed to ensure that the funds provided by UCPCOG are properly identified and the amount received matches the UCPCOG accounting records.
4. The Finance Department and/or the Workforce Director are responsible for reviewing the audits for accuracy. Any discrepancies must be reconciled prior to closing the audit review.
5. Review forms will be completed and attached to a copy of each audit reviewed.
6. A log will be maintained to track the receipt and review the status of each required audit.

Cash Drawdown

1. A cash drawdown is processed on an as needed basis as expenditures are incurred. A drawdown is on a reimbursement basis.

A drawdown for each fund is completed using revenue and expenditure reports generated by the accounting system. Only expenditure amounts that exceed revenue amounts are submitted for reimbursement.
2. An Excel spreadsheet is maintained to track the total of funds available for requisition. Each fund is tracked by Program Year Allocation (PYA). The available balance is reduced by the current amount requested for reimbursement as part of each drawdown processing.
3. Requests are submitted to EBS using a web-based program through the Department of Commerce – The Wise System according to the schedule published by N.C. Department of Commerce.
4. Copies of the approved requests are maintained in the Finance Department and matched to the amounts received by direct deposit from N.C. Department of Commerce. A Cash Receipt is processed to update the appropriate accounting records for each fund.
5. The Finance Director is responsible for processing each cash drawdown.