



# **Policy and Procedure Manual**

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# Introduction

## General Principles Guiding the Policy and Procedure Development for the First 5 Tuolumne County Commission

First 5 Tuolumne County operates as an entity of the County of Tuolumne, with independent authority over the strategic plan and the local Children and Families Trust Fund. The First 5 Tuolumne Trust Fund is held by the Tuolumne County Treasurer's Department. All financial transactions are controlled through the Tuolumne County Auditor's Office and the Tuolumne County Treasurer's Office. The Commission undergoes an annual outside financial audit, conducted with the understanding that the Commission operates as an entity of the county. As such, **standard county operating policies and procedures govern the local First 5 Commission's financial operations**, as outlined in the *Office of the Auditor Controller Standard Practice Manual* for Tuolumne County. The guidelines for the fiscal activities of FIRST 5 Tuolumne County are, as for the county as a whole, based on operating in compliance with generally accepted accounting principles for governmental funded organizations.

**The specific policies and procedures set forth in this manual, and adopted by the First 5 Commission clarify how the Commission will operate under existing county policies and procedures, especially in regards to specific activities addressed in the guiding state legislation, Health and Safety Code Section 130100-130155.** For the purpose of this manual, the words "First 5" or "Commission" shall refer to the First 5 Tuolumne County Commission and "State" shall refer to the California Children and Families Commission.

Guiding principles for the development of specific Commission policies and procedures are:

1. Comply with the guiding legislation at the state and local level.
2. Safeguard the First 5 Tuolumne County Commission assets.
3. Choose the procedure that develops a strong internal control.
4. Provide adequate documentation for transactions.
5. Provide for accuracy by self-checking and by using the review process.
6. Maintain timely and accurate records.
7. Provide relevant data for ongoing decision-making.

***This Policy and Procedure Manual may be amended at any regularly noticed Commission meeting, after a public hearing, upon majority vote of the membership.***

# **SECTION 1: GENERAL ACCOUNTING**

## **Policies and Procedures:**

### **1.1 INCOMING CHECKS AND CASH**

The purpose of this section is to describe how Commission staff/consultants will provide for adequate internal control of incoming checks and cash.

#### **1.1.1 Receiving State Commission Disbursements:**

Revenue received for the operation of the Commission is initiated and submitted from the State Children and Families Commission on a monthly basis, based on Proposition 10 tobacco tax funds collected by the State Board of Equalization. The revenue allocated and transferred to the Commission is based on the percentage of Tuolumne County live births to State live births. There may be additional revenue from the State Commission for matching grant programs or regional projects. The funds are remitted directly to the Tuolumne County Treasury where they are placed in the First 5 Tuolumne County Trust Fund, and directed into revenue accounts.

The State submits a *Disbursement to Counties by Month* report which reflects disbursements made in all revenue categories. The revenue remitted by the State is reviewed by the Executive Director each month to determine the reasonableness of the revenue.

1. Incoming state disbursement checks are deposited with the Tuolumne County Treasurer's/Auditor's Office.
2. Deposit records are forwarded to First 5 staff/consultants on a monthly basis from the Tuolumne County Auditor's Office.

#### **1.1.2 Receiving Cash or Checks from other Entities:**

1. The authorized persons to accept incoming cash or checks shall be the Executive Director and the primary operations support position. Cash or checks received directly by these Commission staff/consultants are to be recorded on a Deposit Permit (county form). A receipt is provided if the payer requests. If cash is received, it must be deposited with the Treasurer's Office within 24 hours of receipt. If checks are received, every reasonable effort shall be made to deposit them with the Treasurer's office within 5 working days of receipt. The deposits shall be made in conformance with the standard operating procedures of the Auditor's office and the Treasurer's office.

2. In the event that cash or checks are held by the First 5 staff/consultants over night, they will be stored in a locked place until they are ready for delivery to the Treasurer's Office.

3. Wherever possible, payers shall be directed to mail checks directly to the Tuolumne County Auditor's office.

4. First 5 staff/consultants receive General Ledger Balance and Activity reports and PeopleSoft budget status reports monthly from the Tuolumne County Auditor's Office, with all revenues recorded. These reports are reconciled with internal records and made available for audits as necessary.

## 1.2 BUDGET

The Commission adopts an annual budget prior to each fiscal year, at a regularly noticed public meeting. This budget serves as the Commission's commitment of resources for the current budget period, and is used to monitor expenses and revenues throughout the fiscal year. **The budget shall clearly define administrative, evaluation and program costs**, either by fund or by account. The budget shall be consistent with the Strategic Plan.

The Commission's primary expenditures are for contracts. This practice affects the Commission's budget throughout a fiscal year. The Commission makes competitive grants at different times throughout the fiscal year, and this process is not readily assignable to a line item budget until contracts are executed. In addition, the ongoing monitoring of existing contracts may result in a need for contract budget revisions. The Commission also values the flexibility to make unanticipated funding decisions within a fiscal year that are responsive to the Strategic Plan. Therefore, the budget is intended to be a working document that will be amended throughout the year as new funding decisions are made, and new contracts approved. The budget, in turn shall reflect other fund allocation decisions the Commission has made, such as set-asides for competitive grants and the long range financial plan.

The Executive Director has the authority to amend the budget in response to any of the following Commission actions:

- Commission action to approve a new contract, or to revise an existing contract;
- Commission action to add or change a line item amount in the current budget.

These actions will serve as the authorization to amend the budget accordingly. The minutes of the meetings where these actions occurred shall be used as documentation of Commission approval of a budget change.

The Executive Director is responsible for submitting budget amendment requests to the Tuolumne County Auditor's office, and for providing any

needed documentation to support this request. The Director is also responsible for providing the Commission with a monthly financial report which compares actual expenditures against the budget.

The Commission meets at a special administrative meeting in the spring of each year to begin making decisions regarding the budgeting process for the next fiscal year. At that time it reviews current expenditures, current contracts, pending contracts, and it makes decisions regarding set-asides for the next year's competitive grant cycles.

### **1.3 PROCEDURE FOR PROCESSING CLAIMS, INVOICES, & GRANT PAYMENTS**

#### **1.3.1 Verification and Authorization**

There shall be different procedures for verifying claims and authorizing payments for various Commission transactions. The table, below, details out these different procedures.

<b>Type of Service or Invoice</b>	<b>Person Preparing Claim or Journal</b>	<b>Person verifying expenditure and authorizing payment</b>	<b>Back up documentation required for Auditor's Office</b>
Office-related or meeting-related expenses; evaluation supplies	Primary Office Support position	Executive Director*	Invoice
Payment for professional services to Commission	Executive Director	For expenses incurred by the Executive Director, the Commission Chair or Commission Treasurer shall authorize payment. For all others, the Executive Director* shall authorize payment.	Invoice
Payment for travel and training expenses	Executive Director, Commissioners, or Primary Office Support position, as directed	For expenses incurred by the Executive Director, the Commission Chair or Commission Treasurer shall authorize payment. For all others, the	First 5 Travel Claim Forms as appropriate (equivalent to county claim forms) and agendas, registration

Type of Service or Invoice	Person Preparing Claim or Journal	Person verifying expenditure and authorizing payment	Back up documentation required for Auditor's Office
		Executive Director* shall authorize payment.	receipts if available.
Payments to Grantees	Executive Director, or Primary Office Support position, as directed	Executive Director*	Quarterly Grant Statement, signed by Executive Director, after review of reports.

*\*In the event that the Executive Director is not available to process claims or journal payments in a timely manner, the Commission Chair or the Commission Treasurer may verify and authorize fund release, as long as the payments are consistent with the budgeted amount for that line item.*

**1.3.2 Accounts Payable Claims (Warrants) for External Vendors and Grantees**

Vendor invoices and grantee reports are received by the primary office support person or the Executive Director. Where documentation is complete, the claims are processed for forwarding to the Auditor's office within five working days. Before payment is authorized, the Executive Director, or other Commission designee, verifies that the service and/or product was received and approves the fund and account from which payment should be made. A claim (warrant) is prepared, the information is verified as correct, and signed by the Executive Director, Commission Chair, or Commission Treasurer, as appropriate. A copy for internal record keeping, along with a copy of the invoice, is filed in the Commission's financial records, according to the month of the fiscal year (with back-up documentation for grantees filed by project). The original warrant is stapled to the original invoice or grant statement, with copies made as necessary, and delivered to the Tuolumne County Auditor's Office.

**1.3.3 Journal Entries for Reimbursing County-Provided Services**

Grant payments or payments for services provided by a Tuolumne County agency are paid via Journal Entry Transfer forms. Payments made through Journal Entries allow for a direct transfer from the First 5 Trust Fund to the appropriate revenue account of the payee agency. Copies of these transactions are kept by both the agency and by First 5. Included in this category are recurring Journal deductions for monthly county services such as County Counsel services. These expenditures appear on the monthly General Ledger Balance and Activity reports and the PeopleSoft budget status reports

from the Tuolumne County Auditor's Office. First 5 staff/consultants reconcile these reports on a monthly basis.

#### **1.3.4 Purchase Order**

At the time this policy has been adopted, the First 5 Commission does not use the open purchase order system. All direct purchases are made by credit card or expenditures are incurred and reimbursed through travel claims, accounts payable claims, or by journal entry transfers. If it comes to the Commission's attention that there is a need for purchase orders, the Commission will follow general county policies for purchase orders at that time.

If the most reasonable decision for a purchase is to work through a county agency, such as the Health Department, to order specific supplies or equipment, and that agency requires the use of purchase orders, the First 5 staff/consultants shall follow the purchase order procedures accordingly.

#### **1.3.5 Prepay Warrants and Grant Start-Up Funds**

Prepay warrants should be considered as a payment option of last resort. A prepay warrant can be used to support an individual grantee with funds to purchase approved materials, if this is the only option that will allow the Commission to reasonably fulfill the conditions of the grant agreement. In the event that a prepay warrant is the only viable option, the Executive Director shall work with the Auditor's Office to ensure that all county procedures are followed in this regard.

If a grantee's contract allows for start-up funds, the Executive Director has the authority to release an authorized amount for that purpose. Prior to this authorization, the Executive Director contacts the grantee, reviews the agency's accounting system to see how the funds will be accounted for and, based on this information, may choose to authorize up to four months of start-up funds. The rationale for this option is to allow small organizations to operate with Commission funds without having to provide up-front funds while waiting for quarterly reimbursements. The Executive Director works with the grantee in the last two quarters of the grant period to spend down any accumulated unspent funds. For multi-year grants, unspent funds at the end of the fiscal year are characterized as pre-paid funds for services for the next fiscal year. Grantees that hold any unspent funds at the grant contract's closing date are instructed to remit those funds to the Commission. These funds are deposited into the First 5 trust fund.

#### **1.3.6 Procedure for Processing Returned or Unused Checks**

First 5 staff/consultants deliver unused/returned checks to the Auditor's office, in accordance with their policies for returned checks.

### **1.3.7 Monitoring of Expenditures**

First 5 staff/consultants reconcile the monthly Balance and Activity reports and the budget status reports from the Tuolumne County Auditor's office with internal records and ensure they are available for audits as necessary. All necessary adjustments and corrections are requested using Journal Entry Transfer reports, and the rationale for the requested change is documented and authorized by the Executive Director.

### **1.3.8 Payroll**

At the time this policy has been adopted, the First 5 Commission contracts out for all professional services. In the event that the Commission chooses to change its operational structure and hire staff within the County of Tuolumne organization, the county policies and procedures for personnel and payroll will be adopted.

### **1.3.9 Petty Cash Disbursements**

First 5 Tuolumne County does not have a petty cash fund at the time that this policy is approved. The general practice is to use a credit card for all local purchases. If the First 5 staff/consultant identify a need for a petty cash fund and the Commission approves a fund, the Commission will follow county policies for providing control of petty cash disbursements, and this change will be included in this policy manual.

### **1.3.10 Processing Advance Checks**

It is First 5 Tuolumne County's policy to provide for advance checks if required by staff/consultants or Commissioners conducting First 5 business. However, staff/consultants are strongly encouraged to make purchases using the Commission credit card while traveling, to avoid the need for advance payment. Commissioners are encouraged to arrange for the Commission staff/consultants to pre-arrange travel for them using the Commission credit card, and to use the reimbursement method for other travel expenses.

1. Requests for advanced checks must be prepared as a formal claim; supporting details on the reason for the advance must be attached to the claim and forwarded to the County Auditor's Office in accordance with county travel claim procedures.

2. If final expenses vary from the amount requested, adjustments are coordinated by the Executive Director or the primary operations staff person.

### **1.3.11 Insurance Premiums and Allocation of Expenditures**

First 5 Tuolumne County has determined that it does not have a need for additional insurance coverage at the time that this policy is approved. The Commissioners and any contract employees employed by the county are covered by the Tuolumne County general liability policy. Independent contractors are responsible for providing their own insurance coverage.

#### **1.4 GENERAL LEDGER**

The general ledger is the basis for financial record keeping, reports to funding sources and the Commission, and management decision information.

1. The general ledger Balance and Activity Report and Monthly Budget Status Reports are prepared by the Tuolumne County Auditor's Office and forwarded to the First 5 Executive Director to provide monthly reporting and for the yearly audit report.
2. The Tuolumne County Auditor's Office is responsible for the input, analysis, and time lines for the general ledger.
3. The general ledger access is by journal entries; the journal entries must have adequate documentation and back up.
4. The Executive Director reviews county reports monthly and notifies the Auditor's Office of any corrections or problems.
5. The Executive Director works with the Auditor's Office to set up a system of revenue and expenditure funds and accounts which will allow an outside auditor to meet the legislative requirements for audit reporting to the State Commission. The Executive Director reviews the system annually and adjusts, as necessary, to most effectively meet state requirements.
6. The Executive Director provides to the First 5 Commission, each month at their regular meeting, income and expense summary reports that reflect the figures found in the county reports. This report details expenditure and revenue categories, as well as fund balance and fund commitments, in a format consistent with Commission funding practices.
7. Each time the Commission elects a new Treasurer, the Executive Director orients the Treasurer to the system of Commission record keeping. The Commission Treasurer shall have the authority, at any time, to request that the Commission's internal records be available for review.
8. The Auditor's Office maintains original copies of the following, which are kept for the use of the Commissioners, the Executive Director, and the outside auditor, upon request. :
  - a) Department Expenditure Status

- b) Expenditure Transaction Analysis
- c) Budget Control Status
- d) Payroll Journals and Employee Leave Balances (not applicable at the time of policy adoption)
- e) Deposit Permit
- f) Balance Sheet
- g) Period General Ledger Audit Trail
- h) Fund Revenue Status
- i) Revenue Transaction Analysis

## **1.5 INVESTMENTS**

Investment of Commission funds shall be the responsibility of the Tuolumne County Treasurer. The Commission shall provide no input into the investment objectives, risks, standards, financial institutions, safekeeping and custody, investment parameters or policy considerations around these investments. The interest the Commission earns on its fund balance shall be reported in the general ledger reports quarterly. The Commission, its staff and/or contractors assume no liability associated with the investments of Commission funds through the County of Tuolumne's Treasurer.

## **1.6 IN-KIND**

It is the First 5 policy to record in-kind contribution revenue and expense lines on a monthly basis only for any grants awarded to the Commission that require documented in-kind match. The Executive Director is responsible for adequate accounting, reporting, and record keeping related to the in-kind calculations for each funding source that requires this documentation.

As a general rule, the Commission does not require grantees to track and report in-kind contributions for grant awards. However, it retains the authority to require this as a contract condition if it deems it relevant to meeting the provisions of its Strategic Plan.

# **SECTION 2: PROCUREMENT & CONTRACTING**

## **Policies and Procedures:**

Per the governing legislation for First 5 Commissions, each county commission is required to adopt, in a public hearing, contracting and procurement policies that are consistent with state law. The policies must contain provisions to ensure that the grants and contracts are consistent with the county commission's strategic plan. *[Health and Safety Code Section 130140(d)(4) and Section 130151(b)(1)]*

## **2.1 GENERAL INFORMATION**

The distribution of Proposition 10 funds shall be conducted economically and expeditiously, under fair, open, and well-documented procedures, and in accordance with best contracting and procurement practices. The purpose of this Chapter is to adopt contracting and procurement policies for the Commission that are consistent with state law and which ensure that any grants and contracts approved by the Commission are consistent with the Commission's strategic plan. This chapter is not intended to conflict with applicable provisions of state law and shall be interpreted as supplementary thereto.

The established Procurement Standards and Procedures of the County of Tuolumne shall be followed. Any exception to the established procedures shall be specified in writing and approved by either the Executive Director or the Commission Chair prior to submittal to the Tuolumne County Auditor's Office. The information presented below is consistent with these standards and procedures, and is provided to clarify specific aspects of Commission contracting and procurement practices. These policies shall apply to all Commission procurements and contracts (which shall be deemed to include any grant awarded by the Commission) and no such procurement or contract shall be approved or entered into except in conformity with these policies.

The term "procurement" for purposes of these policies refers to any purchase of goods or services (from vendors) for which no formal, written contract is customary or necessary in the ordinary course of business. Any purchase for which a formal, written agreement is required shall be referred to as a contract.

Commissioners, contractors, employees and agents of First 5 Tuolumne County shall not solicit, nor accept for personal use or gain, gratuities, favors, or anything of monetary value from contractors and vendors, or potential contractors and vendors of the agency, or from individuals receiving benefits or services from First 5 Tuolumne County.

No procurement or contract may go to a relative of any First 5 Tuolumne County Commissioner, staff or consultant who has been directly involved in the approval of such procurement/award unless specifically approved by a majority of the Commission. The Commission will only approve such a transaction if it can be deemed that it is unavoidable or unreasonable not to make such transaction. This situation can be avoided for procurement and contract decisions if all Commissioners, staff and consultants follow the Conflict of Interest Policy.

All procurements shall adhere to specific funding source requirements (i.e.: federal, state, local or private) as to budget allowed, bidding constraints, prior authorization, or materials specifications. Approval of invoices for payment by Executive Director or Commission Chair shall constitute assurance of compliance.

Only the Commission may approve a formal, written contract, regardless of the dollar amount. The Commission may, however, authorize the Director to sign and administer any contract that it has approved. Authority to sign documents authorizing payment for procurement is governed by a specific policy, set forth below, entitled "Authorizing Signature."

Before entering into any grant, contract, or other type of agreement, the Commission shall determine that these are consistent with the Commission's Strategic Plan. If a proposed contract is found not to be consistent, then the Commission shall take no further action with respect to the proposed contract. Documentation to demonstrate this determination shall be as follows:

- All grant proposal reviews that come before the Commission shall have written determination of the link to the Strategic Plan, and this information shall be reviewed at a public meeting at the time the proposal is considered for funding.
- Where feasible, the contract will have language which specifically links the services and/or the evaluation plan to the Strategic Plan goals.

## **2.2 PROCUREMENT & CONTRACTING STANDARDS FOR GENERAL PURPOSE PROFESSIONAL SERVICES OR OPERATIONS, EXCLUDING GRANT AWARDS.**

*Grant awards are a specific category of procurement, with separate standards and policies, and are covered in a separate section following.*

Before authorizing any purchase, the Executive Director (or Commission, if applicable) shall first consider and determine whether the proposed purchase is consistent with the Commission's approved budget. The approval of the Executive Director (or Commission, if applicable) for a purchase shall be evidence that the purchase has been deemed consistent with the approved budget and therefore, by extension, the Commission's strategic plan.

The Executive Director has the authority to procure goods or services required by the Commission for its administrative functions and operations, without prior approval by the Commission, in an amount not to exceed \$2,500, where those goods and services are consistent with the approved budget. Examples of such administrative goods and services include, but are not limited to, office supplies and equipment, dues, communications, travel

expenses related to Commission business, and meeting expenses. Additional policies and procedures specifically related to travel expenses are discussed below under Travel Policies and Procedures.

Procurement of goods or services in excess of \$2,500 must be approved by the Commission, either through pre-approval or ratification of the purchase.

Purchases up to \$5,000: Purchases for goods or services in an amount of less than \$5,000 per unit may be purchased without competition. Unless otherwise directed by the Commission, the Executive Director (or primary office support person, as designated) shall be responsible for investigating, soliciting, or otherwise identifying purchase options, through whatever means appear reasonable and appropriate under the circumstances, in order to facilitate purchases at the most favorable price available consistent with efficient operations. Some such items may be available through the County at a cost generally below those available to the general public. Accordingly, for items available at cost from the County, no further investigative activities are recommended. With respect to goods or services that are *not* available from the County but which are readily available in the marketplace, the staff/consultants should generally consider obtaining quotes or prices from more than one vendor, for purchases over \$100. However, a competitive bid process is not required. The use of local businesses is encouraged as a source of supplies and services, unless such use results in unreasonable costs or delays.

Purchases from \$5,001 - \$50,000: All purchases of goods or services covered by this policy, which exceed \$5,000 per unit, but are less than \$50,000 shall be purchased through an informal competitive bid process. A minimum of three bids shall be obtained prior to selection. Written or documented oral quotations and statements of capacity shall be obtained and presented to the Executive Director and the Commission for approval prior to contracting for these goods or services. Selection of the vendor/grantee shall be made with consideration of the bid price and the capacity of the bidder to fulfill the scope of work. When the Commission determines that it is impracticable to secure competition, and the unit price exceeds \$5,000 per unit, a "Waiver of Competition Determination" shall be made in writing with a specific justification for the determination, prior to the purchase. No Waiver of Competition may be approved for purchases of goods or services that exceed \$25,000.

Purchases over \$50,000: A formal bid process shall be used for purchases in excess of \$50,000, regardless of unit price. Competition shall be secured by quotations from three or more vendors/ grantees who normally deal in the goods or services to be obtained.

- The written quotations must include budgets detailed by line item and include specific information as to the capacity of the vendor/grantee.
- Written scoring criteria must be provided in a published request for bids. The request for bids shall be published a minimum of three times in the Union Democrat and may be published in a larger regional area, in trade publications or by other means likely to lead to good competition and quality bids.
- Selection of the vendor/grantee shall be made with consideration of the bid price and the capacity of the bidder to fulfill the scope of work.

## **2.3 PROCUREMENT & CONTRACTING STANDARDS FOR GRANTS AND COMMISSION-RUN PROGRAMS**

### **2.3.1 Solicitation and Review of Proposals**

1. The Commission shall, as a general operating procedure and with only a few exceptions (detailed below), disburse all grant awards through a competitive process. These shall include Requests for Proposals (RFPs), Intent to Negotiate releases, or similar processes that elicit competitive proposals for services to young children, their families, and service providers. These processes shall be advertised through the Commission's web site, and by annual mailings to a comprehensive list of service providers and community groups in Tuolumne County. The timing, amount and nature of these competitive grant cycles shall be determined as part of the annual update of the Strategic Plan and the Financial Plan.
2. The Requests for Proposals (or similar processes), shall clearly define the amount of the awards available, the total amount available for all grants, the criteria for scoring proposals and making awards, and key elements of general contract stipulations, including requirements for insurance coverage, payment schedules, supplanting restrictions, and other contract elements. The RFPs shall be approved by the Commission at a public meeting.
3. Proposals shall be scored by three individuals who have identified themselves as being without any conflict of interest in the decision, and may include Commissioners, Ex-Officio members, or community members, if needed. These individuals have the responsibility of doing the initial review of the proposals, of soliciting additional information from proposers, as needed, and in making a recommendation regarding funding to the full Commission. The process for this shall be clearly identified in the RFPs. The Commission may listen to additional information presented by the proposers at the Commission meeting when the award decision is on the agenda. The Commission is not bound by the recommendation of the

Scoring Team, but should clearly demonstrate that they have taken the recommendation under careful consideration in their deliberations.

### **2.3.2 Commission-Run Programs and Non-Competitive Granting**

The Commission may consider a non-competitive granting process, or the development of a Commission-run program, if the following steps are taken:

1. A committee of the Commission, made up of representatives from the community, including members who do not serve on the Commission, make a recommendation to the Commission regarding specific initiatives for Tuolumne County. This committee can be convened in response to local needs (e.g. oral health) or in response to a possible matching grant opportunity from First 5 California or other funders (e.g. School Readiness). Every effort shall be made to invite every agency that addresses that specific issue for young children in Tuolumne County to serve on that planning committee, in order to ensure the broadest spectrum of participation.
2. The Commission can approach the recommendations as follows:
  - a. The Commission can release a very specific RFP outlining the services requested as recommended by the committee. This would be a competitive process, but would have a much narrower scope of service than the general RFPs put out during regular grant cycles.
  - b. The Commission can send a written notice to all members of the committee and to all eligible agencies and organizations in the county that provide similar services, inviting them to indicate their interest in serving as a lead agency for the initiative. If only one agency responds, the Commission has the option of entering into contract negotiations with them. If more than one agency indicates interest, the Commission will choose to either enter into discussions with all of them, or to release a targeted, competitive RFP to ensure a fair process. If time is of the essence (such as with a deadline looming for state matching funds), the Commission may request a line item budget and a simple scope of work in lieu of a full RFP process. If only one agency demonstrates interest, and this interest leads to the development of a contract with the Commission, the process will be clearly described at the public Commission meeting when the contract is approved.
  - c. The Commission can choose to set very specific criteria for releasing funds (such as to Family Child Care Providers, or to children needing critical dental treatment), and can then choose to either operate the program itself with existing or new staff/consultants, or can work collaboratively with an existing program in the community to release

funds through their existing operational structure (without additional funding attached).

### **2.3.3 Contracts Where the Commission serves as a Fiscal Agent**

Where First 5 Tuolumne County serves as the fiscal agent for First 5 Regional Projects, and releases bids for contractors for those projects, the counties comprising the Northeast First 5 region shall serve as the advisory committee, and shall make recommendations regarding contracts. The general practice shall be to release RFPs or similar competitive bid processes to choose contractors. In the instances where the regional First 5 Executive Directors are in clear agreement about wishing to secure the services of a specific contractor for technical assistance services, (or similar services funded through a regional funding structure), and this agreement can be documented based on written confirmation, and the reason for a sole source contract for a trainer or consultant is reasonable and deemed to be in the best interest of the Commission and the region, then the Commission can proceed with this contract. Examples of this would be when a specific trainer and training had been identified to meet a specific need, or when the need for a locally-based trainer in a specific area of expertise had been identified, and there was clearly one individual or agency best equipped to meet this need in the county. In these cases, the process will be clearly defined at the public Commission meeting when the contract is approved.

### **2.3.4 Contract Development and Approval**

1. The Executive Director shall carry out the direction of the Commission with respect to the drafting, negotiation, or other preparation of proposed contracts. When the Commission states its intent to award funds in response to a specific proposal, the Executive Director works with the proposer to develop a contract that clearly defines the specific project activities, service benchmarks, budget, and outcome evaluation plan (with a clear link to the most recently updated Strategic Plan), as well as other contract elements that are part of every Commission contract and are consistent with County of Tuolumne professional services contract language.
2. The contract is approved by the Commission in a public meeting. Any proposed contract shall be approved as to form by the Tuolumne County Counsel (as legal counsel to the Commission). Any approved contract may be signed by the Commission Chair or the Executive Director, as determined by the Commission. The grantee provides an authorized signature from their organization.
3. The contract starting date will be subsequent to the signing of the contract by all three parties listed above. Exceptions may be made in specific

instances where it is deemed imperative for contract activities to start prior to the next scheduled Commission meeting after the Intent to Award date. In this case, if (1) the Commission has clearly stated, in a public meeting, their intent to award a specific amount of funds for a very specific set of services and; (2) the contract clearly states the reason for this decision; then the Executive Director has the authority to determine that the start date be prior to the date of the contract execution, but no earlier than the day that the Intent to Award decision was made. The Commissioners shall be informed of this determination in a timely manner.

### **2.3.5 Contract Compliance, Renewal, and Carry-over of Funds**

1. Grantees submit quarterly service benchmark and financial reports, in a format designated by the Executive Director, which aligns with the stipulations in their contracts. The Executive Director reviews these reports for contract compliance in services and expenditures, and authorizes release of funds if there is evidence of compliance. If questions of compliance arise, the Executive Director contacts the grantee to get clarity on these questions. In general, payment is authorized if the grantee is demonstrating a good faith effort toward contract compliance. However, the Executive Director shall concurrently with the grantee to explore alternative service strategies or to consider a contract amendment, if there is evidence of ongoing difficulty in contract compliance, and these issues will be brought before the Commission.
2. Payment is made on a reimbursement basis. As noted in an earlier section, grantees may request start up funds when payment by reimbursement is a financial hardship for their agency. The Executive Director prepares warrants or Journal Entry Transfers for the auditor to request payment to grantees. Where appropriate, payments may be made directly to a vendor for materials or services.
3. The Commission has the authority to extend the timeline of grants beyond their contract ending date, or to renew them, based on consideration of : (1) the community need for the uninterrupted continuation of those specific service, in relation to the Strategic Plan; and (2) the unlikelihood of another service provider in the community participating in a full competitive bid for continuation of those services.
4. For multi-year contracts, the Executive Director shall have the authority to approve unspent funds to be carried over to the remaining years on the contract, with the submission of a revised budget and corresponding service strategy. Criteria for this decision shall include the reasonableness of the revised budget, the contract performance to date, the compatibility of the revised budget and service strategy with the Commission's Strategic Plan, and the demonstrated need for services in

the community. The Executive Director shall seek the participation of the Commission Officers or the full Commission in this decision, if there is any question about the revised budget and service strategy meeting these criteria, or if the amount is over 10% of the approved budget for the carry-over year.

5. In the event that grantees hold unspent funds after the ending date of their contracts, the grantees are instructed to immediately remit payment of those funds to the Commission in a timely manner.

## **2.4 TRAVEL POLICY AND PROCEDURES**

Commission staff/consultants, Commissioners, and Ex-officio members shall be eligible to have approved travel costs covered or reimbursed by the Commission. These shall include the cost of travel, lodging, meals and incidental travel costs, as well as the cost of training registration costs.

Commission staff: At the time of the adoption of this policy, the Commission does not hire staff directly. When and if this occurs, the staff will follow County of Tuolumne travel policies and procedures, and this will be reflected in a revised policy and procedure manual.

Contracts with other organizations: All individuals who fill Commission staff positions through a consultant arrangement with another organization (e.g. the current contract between the Commission and the Health Dept. for office support positions), will operate under the policies and procedures of their hiring organization for travel both in and out of county. The contracting organization will either bill the Commission for costs associated with staff travel associated with Commission business, or the consulting staff will submit claims directly to the Commission. The contract terms for travel shall be developed to be consistent with the County of Tuolumne travel policies.

Contracts with individuals or consulting firms: All individuals who contract directly with the Commission will be reimbursed for travel according to the terms of their contracts. These terms shall be developed to be consistent both with the County of Tuolumne travel policies, as well as with the IRS guidelines for the definition of a consultant. At the time of this policy adoption, consultants are expected to bear the cost of all in-county travel costs and all travel and training costs that are not specified in the contract. The contract specifies specific out-of-county travel and training costs associated with state-wide or regional First 5 business that may be reimbursed up to a limit set by contract, and which are consistent with the travel policies of the County of Tuolumne.

Commissioners and Ex-Officio Commissioners: The Tuolumne County Travel Policy shall govern all travel by Commissioners and Ex-Officio Commissioners. Members of the Commission, both appointed and ex-officio members, shall be reimbursed

for approved travel associated with Commission business, both in and out of county, according to the travel policies of the County of Tuolumne. Commission business shall include travel to Commission meetings, committee meetings, ad-hoc work group meetings (such as scoring committee meetings) and training events and conferences that are approved by at least one Commission officer (other than the traveler). All claim forms and other travel instructions for Commissioners are kept current to reflect county policies and reimbursement rates. Commissioner travel shall comply with the provisions of Assembly Bill 1234, as outlined in Section 8.4 of this manual.

## **2.5 USE OF COMMISSION CREDIT CARDS**

### **2.5.1 Possession of Commission Credit Cards**

The Commission has three credit cards. The cards shall be held as follows:

#1 Card (credit limit \$5,000) shall be held (and signed) by the Primary Office Support Position who makes most of the purchases for the Commission. This card shall be used to pay for general operating costs that have been approved in the budget and shall be used to arrange travel for the Commissioners and Ex-Officio Members.

#2 Card (credit limit \$2,000) shall be held (and signed) by the Executive Director and shall be used only for: (1) travel and training costs clearly identified either in a professional services contract, or through another mechanism that clearly documents Commissioner input and approval; (2) facilities and/or meal costs associated with convening workgroups locally; (3) operating costs for the Commission if the Primary Office Support Position is unavailable to do the purchasing; and (4) approved grant items that can be purchased directly, and for which there is a compelling reason for a credit card purchase. Examples of compelling reasons include a time deadline or a situation where a grantee cannot afford to purchase the item and wait for reimbursement (such as family child care providers).

#3 Card (credit limit \$2,000) shall be held and signed by the Secondary Office Support Position. This card shall be used, under direction from the Primary Office Support Position, to pay for general operating costs or to arrange travel for the Commissioners and Ex-Officio Members.

**The individual in possession of the card is responsible for its security. If the card is lost or stolen, this situation should be immediately reported to the Tuolumne County Auditor's Office.**

### **2.5.2 Guidelines for the Use of Commission Credit Cards**

1. Guidelines in the most recent edition of the County of Tuolumne Credit Card Program Handbook/Procedures will be followed. The card may not be used for the following:

- All equipment (except those authorized by a grant agreement for payments directly to vendors)
- Splitting of purchases to circumvent the spending limitations (unless this is for an approved grant purchase such as Child Care grant purchases)
- Carpeting
- Alcoholic beverages
- Art work
- Consultants, instructors and speakers
- Centralized maintenance agreements
- Service agreements
- Personal items
- Personal services
- Rental agreements
- Lease/purchase agreements unless authorized by Commission
- Computer software without ISS approval

2. Allowable charges shall not exceed the credit limit established for that specific charge card.

3. Commission credit cards are not to be used for personal purposes. Should a charge card inadvertently be used for an unallowable purpose, the individual who incurred the charges shall immediately reimburse the Commission. Cards may not be lent to any other individual. The card receipts should not be co-mingled with personal expenses.

4. The Executive Director should only use the credit card for approved travel and training expenses out-of-county, for facilities and/or meals that are directly related to special workgroup meetings in the county, or for approved grant purchases under hardship conditions or compelling circumstances. All other purchases for the Commission should be made by the Primary Office Support person. If the Primary Office Support person is unavailable to make a necessary purchase in a timely manner for the Commission, the Executive Director may do so.

5. The Commission credit card will be used as the first option before other existing methods to purchase individual items costing \$1,000 or less, including taxes, shipping, etc.

6. To the extent possible, all allowable travel expenses for the Executive Director, office support positions, and Commissioners should be charged to the credit card. All such expenses must comply with the Commission travel

guidelines. If an individual charges a meal which costs more than the allowable costs, s/he must reimburse the Commission the difference. Alcoholic beverages are not allowable costs. Personal items and services are not allowable costs.

7. Commissioners who are county employees may use their own credit cards for Commission travel expenses, and will work with primary office support position to apply the proper First 5 codes, and to provide appropriate receipts to ensure coordination between their department, First 5, and the Auditor's office.

8. For credit card purchases over \$100.00, approval must be obtained from the Executive Director or the Commission Chair, with the following exceptions:

- Prior approval is not required for travel and training costs exceeding \$100.00 that are incurred by Commissioners, Ex-Officio Members, or the Executive Director while traveling to meetings or training provided by the First 5 California Children and Families Commission or the First 5 Association, or related training, as long as the Commissioners have notified the Executive Director in advance that they will be attending the meetings or trainings, and ascertained that there are adequate funds in the budget for the travel costs.
- The Executive Director may make a purchase with the credit card up to the credit card limit of \$2,000 if the item to be purchased is clearly consistent with the Commission's approved budget.

9. When using the card for out-of-county travel, the following guidelines should be followed:

- It is expected that the Executive Director and the Commissioners will choose lodging that is the same price or less than the group lodging rates negotiated by the hosting organization.
- Commissioners are encouraged to work with the Primary Office Support person to bill registration fees and travel costs such as airline tickets ahead of time to the credit card.
- The Executive Director is responsible for ensuring that annual travel costs stay within budget. Therefore, it is expected that any Commissioner wishing to attend a training or meeting notify the Executive Director in advance, in order to ensure that there are funds in the budget to cover the travel costs. In the event that proposed travel costs exceed the budgeted funds available, the Commission must act to make a budget modification before any new travel expenses are authorized.

10. **All credit card receipts must be provided in a timely manner to the Primary Office Support person.** If the person in possession of the card has

lost receipts, s/he should contact the vendor and request duplicate copies.

### **2.5.3 Credit Card Administration**

1. The Primary Office Support person is responsible for completing the Monthly Bank Card Log and submitting it, with attached receipts, to the auditor. The Bank Card Log must be reviewed and signed by the Executive Director or the Commission Chair or Treasurer. If the card logs include travel and training expenses incurred by the Executive Director, an additional authorization must be attached to the bank log (and also kept on file in the Commission's financial files) that identifies the purpose of the expenditure, the amount and the date, and the signature of the Commission Chair or Treasurer authorizing this expenditure.

2. The Primary Office Support person and the Executive Director will work together to manage other credit card issues which may arise, such as replacing cards or resolving disputes. If there is a need for further resolution of any issue or dispute involving the use of a Commission credit card, it shall be brought to the Commission Officers, which shall, in turn, resolve it or bring it to the larger Commission for resolution.

## **SECTION 3: AUTHORIZING SIGNATURE**

### **3.1 GENERAL GUIDELINES**

The Commission Chair, Treasurer and Executive Director are authorized to sign official Commission documents, such as warrants, Journal Entry Transfers, letters and reports to the State Commission, letters to grantees, and other documents, as detailed below. Commissioners become authorized to sign documents as a condition of their assuming these offices. Commissioners stepping down from officer positions lose their signatory authority at that time. The Executive Director is responsible to ensure that all documents signed on behalf of the Commission bear an authorized signature.

In order to facilitate smooth business operation, the Executive Director shall serve as the primary signatory on all documents, acting within the restrictions described below, or unless the document designates a specific signature, such as the Commission Chair.

All signatures on invoices, journal entry transfers or any other document that result in a transfer of funds from the First 5 Tuolumne County Trust Fund shall be undertaken only if the expenditure in question has been approved by an action of the Commission or is logically and clearly connected to a budget line item which has been approved by the Commission. The budget, in turn, is adopted each year in conformance with the Commission's Strategic Plan.

Commission Chair and Vice Chair: The Commission Chair has authority to sign all official documents, if they are consistent with the Commission's Strategic Plan and approved budget, with the exception of authorization for reimbursement for travel expenses for herself/himself. Either the Executive Director or the Commission Treasurer should authorize these claims. In the Chair's absence, the Vice Chair has authority to sign the documents listed above.

Commission Treasurer: The Commission Treasurer has authority to sign all documents regarding fund transfers or payments (that are consistent with the Strategic Plan and the approved budget), with the exception of authorization for reimbursement for travel expenses for herself/himself. Either the Executive Director or the Commission Chair should authorize these claims.

Executive Director: The Executive Director has authority to sign all official documents (that are consistent with the Strategic Plan and the approved budget), with the exception of contracts (unless specifically authorized by the Commission) and any invoices for contract payment or travel expense reimbursement claim for herself/himself. These invoices and claims should be authorized by either the Commission Chair or the Treasurer.

## **SECTION 4: ADMINISTRATIVE COSTS, PROGRAM COSTS, and EVALUATION COSTS**

### **Policies and Procedures:**

Per the governing legislation for First 5 Commissions, each county commission is required to adopt, in a public hearing, a limit on the percentage of the county commission's operation budget that may be spend on administrative functions. The Administrative Cost Definitions must comply with the state commission's guidelines and the county commission must have a process in place to monitor these costs. [*Health and Safety Code Section 130140(d)(5) and Section 130151(b)(2)*]. The County commission must have policies and practices with respect to the amount it spends on program evaluation and the documented results of these expenditures. [*Health and Safety Code Section 130151(b)(7)*].

### **4.1. Limit on the Percentage of the Annual Operating Budget That May Be Spent On Administrative Functions**

The percentage of the annual operating budget that may be spent on administrative functions, as defined below, in a fiscal year, shall be as follows, depending on the condition of whether the First 5 Tuolumne County Commission receives administrative/operations augmentations from the First 5 California Children and Families Commission.

Condition 1: Fiscal Years that include an administrative/operations augmentation from First 5 California

In years where there is an administrative or operations augmentation awarded from the First 5 California Children and Families Commission, the limit on the administrative cost percentage of the operating budget for that fiscal year shall be 15.0%.

Condition 2: Fiscal Years that do not include an administrative/operations augmentation from First 5 California

In years where there is no administrative or operations augmentation awarded from the First 5 California Children and Families Commission, the limit on administrative cost percentage of the operating budget for that fiscal year shall be 20.0%.

The rationale for making two sets of conditions is to allow the Commission some time to plan and adjust consultant hours and/or staffing time to ensure that all administrative and contract monitoring activities continue at a level to ensure responsible oversight of First 5 funds, while considering the need for adjustments in granting practices to reduce future administrative costs. The current state augmentations reflect recognition, at the state level, that small counties struggle with economy of scale issues in ensuring that the responsibilities associated with fulfilling the legislative requirements of Proposition 10 are met in a timely and professional fashion.

The administrative rate is intended to reflect normal administrative costs that are usually budgeted for a fiscal year. In that spirit, the Commission has the authority to exclude, from this rate calculation, significant administrative costs that are unusual and rarely occur, such as fees resulting from a lawsuit or the costs of a major computer system upgrade, at the time that they allocate funds for the project. The Commission will undertake a periodic review of the adopted cost percentage based on changes in state law, regulation, county government requirements and other relevant factors.

## **4.2 Definitions, Coding, and Monitoring of Administrative, Program and Evaluation Costs**

### **4.2.1 Definition of Administrative Costs and Function**

The Commission shall use the most recent definition in the First 5 Financial Management Guide to define administrative functions. This definition will be consistent with the guidelines issued by the First 5 California Children and Families Commission. At the time of this policy development and adoption, these guidelines state:

**Administrative costs are defined as costs incurred in support of the general management and administration of a First 5 Commission, for a common or joint purpose that benefits more than one cost objective (other than evaluation activities), and/or those costs not readily assignable to a specifically benefited cost objective.**

- Administrative costs support a county commission's basic mission rather than specific program goals.
- Staff costs may be assigned to program costs, as long as that time is limited to actual time spent on program-specific activities.
- Administrative costs do not include evaluation costs for funded programs.

The Commission shall adhere to this definition in its budgeting, accounting and financial reporting processes. Where there is a question of interpretation of how specific activities shall be allocated, the definition of administrative costs benefiting more than one cost objective, or not being not readily assignable to one cost objective will serve as the determining definition.

#### **4.2.2 Definition of Program Costs and Function**

The Commission shall use the most recent guidelines issued in the First 5 Financial Management Guide to define program expenditures. At the time of this policy development and adoption, these guidelines state:

**Program costs are defined as costs incurred by First 5 commissions readily assignable to a program or service provider (other than for evaluation activities) and/or in the execution of direct service provision.**

#### **4.2.3 Definition of Evaluation Costs and Function**

The Commission shall use the most recent guidelines issued in the First 5 Financial Management Guide to define evaluation expenditures. At the time of this policy development and adoption, these guidelines state:

**Evaluation costs are costs incurred by First 5 commissions in the evaluation of funded programs based upon their accountability framework and data collection and evaluation for required reporting to state and local stakeholders.**

The Commission will determine annually, at the time of budget preparation, the amount that it will invest in program evaluation. This determination will be consistent with the most recently updated Strategic Plan.

Cost Category delineation for all three cost categories is provided in the table, following, for comparison across categories, as presented in the First 5 Financial Management Guide. **By utilizing an appropriate allocation basis, based on the above definitions of administrative, program and evaluation**

costs and function, costs listed in any one of these categories may be apportioned to any other category (example, portion of payroll/benefits, rent or utilities for staff that only perform program activities ).

<b>Cost Category Delineation</b>		
<b>Administrative Cost:</b> Costs incurred in support of the general management and administration of a First 5 commission, for a common or joint purpose that benefits more than one cost objective (other than evaluation activities), and/or those costs not readily assignable to a specifically benefited cost objective <sup>1</sup> .		
General accounting/Financial reporting	Financial planning	Maintenance
Local annual reporting activities (public hearing requirements, etc.)	Contract compliance (administrative contracts)	Utilities
Legal services/consulting	Audit	Insurance
Commission/Association meetings/travel	Strategic planning	Cleaning/Janitorial
Payroll/Benefits	Procurement	
Human resources services	Rent	
<b>Program Cost:</b> Costs incurred by local First 5 commissions readily assignable to a program, grantee, contractor, or service provider (other than evaluation activities) and/or in the execution of direct service provision.		
Program outreach and education	Direct services	Program planning
Program/Provider technical assistance and support	Program grants and contracts	Program database management
<b>Evaluation Cost:</b> Costs incurred by local First 5 commissions in the evaluation of funded programs based upon their accountability framework and data collection and evaluation for required reporting to state and local stakeholders.		
Evaluation technical assistance	Evaluation*	Evaluation database
<i>*Includes conduct of focus groups and case studies, state evaluation report production, and presentation.</i>		

Notes

<sup>1</sup> Cost objective is a function, contract, grant, or other activity requiring cost data and for which costs are incurred.

Contractors will be instructed to bill their services in these three categories. Implicit in this requirement is the recognition that the contractors' operating costs will be allocated on a percentage basis to the three categories, depending on the types of services they perform for the Commission.

The Commission will undertake a periodic review of the adopted definitions of administrative, program and evaluation costs based on changes in state law, regulation, county government requirements and other relevant factors.

#### **4.2.4 Expenditure Coding for Administrative, Program and Evaluation Costs:**

The Executive Director establishes, within the accounting and reporting system, a methodology for tracking and reporting on program, administrative, and evaluation costs, in compliance with the definitions adopted above. Financial reporting systems shall be clearly set up to differentiate these cost categories so that they will be clearly identifiable to an outside auditor, as well as to the Commission and the public.

The Executive Director shall maintain, on file, a clear description of how key activities are coded in these three cost categories, and these shall be reviewed by the Commission as part of the annual financial plan review.

Staff and contractor costs may be assigned to program or evaluation costs, as long as those costs are clearly linked to actual time spent on program or evaluation-specific activities and appropriate records are maintained for audit and review purposes. One individual's time may be divided into more than one category, as long as accurate records are maintained. Associated support costs may also be allocated. The Executive Director shall use valid methodologies and tools for allocating costs. For a Commission the size of First 5 Tuolumne, a reasonable and valid methodology will be cost finding (a method for estimating costs based on observation, review of records, and interviews with employees), or time studies.

Contract invoices shall be charged to each of the three categories, reflective of the proportion of work activity performed in each. Individual contractors shall have, as a condition of their contract, a requirement to track either billable hours (or percentage of scope of services, as appropriate) within the three categories, and to apply these hours or percentages to their invoices to the Commission, with the breakdown clearly identified. For contracts with other organizations, staff will be requested to use the system in place at that organization for cost allocation, either cost finding, periodic time studies, or daily tracking.

#### **4.2.5 Administrative, Program and Evaluation Cost Monitoring and Reporting**

The Executive Director shall be responsible for maintaining auditable records to ensure compliance with the administrative cost limit policy. The Executive Director shall be responsible for presenting monthly, to the Commission, a breakdown of administrative, program and evaluation costs. This information will ensure compliance with the administrative cost limit policy, and will also be used to help guide future budgeting decisions. This information shall also be

reported, on an annual basis, to the First 5 California Commission in the annual financial report, which is adopted, by the Commission, at a public hearing.

#### **4.2.6 Documented Results of Evaluation Expenditures**

Commission evaluation expenditures are those for direct evaluation services or supplies. Evaluation services include services designed to ensure accountability of Commission funds as well as to document, evaluate and report outcomes of funded grants and programs. Grantee contracts shall, with the exception of grants under \$5,000, generally include outcome evaluation requirements along with service level data reporting requirements. The Commission has the authority to waive the requirement for an outcome evaluation plan for an individual contract, if the type of grant is not appropriate for a valid outcome evaluation. The Executive Director prepares an annual summary of the service level (accountability) data and the program outcomes reported by grantees, and presents this report to the Commission at a public meeting.

## **SECTION 5: COMMUNICATING THE COMMISSION'S FINANCIAL POSITION**

### **POLICIES AND PROCEDURES:**

Per the governing legislation for First 5 Commissions, each county commission must have a long-range financial plan that has been adopted in a public hearing, and must have policies and practices with respect to its financial condition. [*Health and Safety Code Section 130151(b)(5) and Section 130151(b)(6)*]. This policy sets forth guidelines to ensure that the Commission's current financial position and long-range financial planning is clearly presented to the Board of Supervisors and the general public.

Three mechanisms shall be used to ensure that the financial position of the Commission is clearly communicated to its stakeholders: an annual audit of the Commission's financial statements, a long-term financial plan, and monthly financial reports.

### **5.1 ANNUAL AUDIT**

Annual financial statements will be prepared in accordance with generally accepted accounting principles (GAAP). The annual financial statements will be independently audited in accordance with government auditing standards and state audit guidelines issued by the State Controllers Office, and in compliance with the statutory requirements pursuant to *Health and Safety Code 130150*. This annual audit may be performed by the Tuolumne County auditor, or by an outside independent auditor, as determined by the

Tuolumne County Auditor's Office (and as permitted by law). It is the responsibility of the Executive Director to make all applicable documentation available to the auditor to enable them to complete the audit. The audit report shall be reviewed and accepted by Commissioners subsequent to a public hearing, and shall be submitted to the State Commission in the timeframe required. The audited financial statements shall be made available, at no cost, to any member of the public that requests them.

### **5.1.1 Fund Balance:**

The fund balance shall be reported, in the audited financial statements, in the following 3 categories, as per generally accepted accounting principles:

1. Reserved funds – encumbrances
  - future payments due to grantees, and contractors
  - future payments due on professional services
  - future payments due under lease arrangements
  
2. Unreserved Designated funds - designated for local initiatives and program sustainability, meeting the following criteria:
  - A written plan with specific times, dollars, etc.
  - Commission formally approved plan
  - Commission certifies it intends to follow the plan
  - Commission has adopted annual budgets consistent with the plan
  
3. Unreserved, undesignated funds – portion not allocated or earmarked.

## **5.2 LONG TERM FINANCIAL PLAN**

The Commission shall annually review its long term financial plan and adjust it in light of new information about revenue trends, expenditures, or new information on pending opportunities for funding. The financial plan serves as a planning tool for the allocation of First 5 funds in Tuolumne County over a period of 6 years in a sustainable fashion, despite unanticipated changes in revenues. The updated financial plan shall inform the budget for the subsequent fiscal year, and shall be adopted prior to the end of each fiscal year subsequent to a public hearing. The financial plan shall become part of the Commission's Strategic Plan, which is also reviewed and adopted annually. The Strategic Plan and long-term financial plan shall be available on the Commission's website, and available in hard copy, on request.

## **5.3 MONTHLY FINANCIAL REPORTS**

The Executive Director prepares comprehensive ongoing financial reports for the Commission and reviews them at the monthly Commission meetings (which are public meetings). As public documents, copies of the monthly

financial reports are available on request to any interested party. As time permits, the financial reports (along with other meeting attachments) shall be posted on the Commission website prior and subsequent to the monthly meeting, until replaced with updated information the following month.

## **SECTION 6: CONFLICT OF INTEREST**

### **POLICIES AND PROCEDURES:**

Per the governing legislation for First 5 Commissions, each county commission is required to adopt, in a public hearing, conflict of interest policies for commission members that are consistent with applicable state law. These policies must be designed to assure that the county commission complies with all applicable state and local conflict-of-interest statutes and regulations. [*Health and Safety Code Section 130140(d)(4) and Section 130151(b)(3)*]

This policy sets forth guidelines to avoid any real or perceived conflicts of interest in financial decisions made by FIRST 5 Commissioners.

### **6.1 CONFLICT OF INTEREST CODE**

The Commission initially adopted a Conflict of Interest code in 2000. The Commission shall review and re-adopt this code every two years, and file it with the County Clerk's Office. All Commissioners, Commission staff members and consultants working in an operational capacity for the Commission are required to file an annual statement of economic interest, as specified in the code.

### **6.2 APPLYING FOR FUNDS**

In order to assure that a sufficient number of Commissioners have no conflicts of interest and are able to participate in competitive funding decisions, the following provisions are made in the county ordinance and the FIRST 5 bylaws: If a Commissioner is an employee of an entity other than a government entity, his or her employer shall not be eligible to apply for funding from the Commission while that Commission Member is in office or for one (1) year after the Commission Member leaves office. Commissioners who are officers or employees of Tuolumne County or the State of California (hereafter referred to as "government employees") are exempt from this provision, in accordance with current state law governing conflict of interest for Children and Families Commissions (State Assembly Bill 735).

### **6.3 PARTICIPATING IN SCORING AND FUNDING DECISIONS**

#### **6.3.1 Interpreting The Provisions of AB 735**

The approved State Assembly bill outlines conditions where Commissioners who are officers or employees of state and county government are prohibited from participating in First 5 contracting decisions:

If: *the contract or grant directly relates to services to be provided by a Commission member or the entity the member represents or financially benefits the Commission member or the entity he or she represents,*

Then: *the member must recuse himself or herself from making, participating in making, or in any way attempting to use his or her official position to influence a decision on the grant or grants.*

For employees of the State of California and the County of Tuolumne, the language “entity he or she represents” shall be interpreted to mean the department (or other government subsection) that the Commissioner works under, that would benefit financially in any way from the contract. For example, the County Health Officer represents and is employed by the Health Department, and should recuse him or herself from decisions affecting any division of the Health Department, but would be free to participate in decisions affecting another county department, such as the Welfare Department. A member of the County Board of Supervisors should recuse him or herself from any decisions affecting the county administrative offices, but would be free to participate in decisions affecting any other county department. Commissioners that work for the Superintendent of Schools Office in the Special Education department should recuse themselves from decisions affecting that department, but could participate in decisions affecting another program, such as school nurses, or dental, or teacher training, as long as they did not represent that program in any fashion. Commissioners that work for Columbia College in the Child Development Division should recuse themselves from any decision affecting that department, but could participate in decisions affecting programs such as the Biology Department or Community Education. Any Commissioner that serves in a direct administrative or supervisory capacity for any government program should recuse him or herself from participating in any funding decision regarding that program.

### **6.3.2 Participating on Scoring Teams**

Commissioners who are government employees shall not serve on a scoring team for any proposal submitted by their department. However, they may score competing proposals. However, if any (government employee) Commissioners feel that their interest in another competing proposal puts them at a real or perceived risk of a biased scoring process, they should refrain from participating. Other Commissioners (non-governmental employees) and ex-officio members shall not serve on a scoring team for any competitive grant process for which they have a real or perceived direct interest in one of the proposals.

### **6.3.3 When to recuse oneself from a funding decision**

Commissioners are expected to voluntarily recuse themselves from any funding decision in which they or their family members have a financial interest. Commissioners who are employees of government entities shall recuse themselves from any funding decision that impacts their department, even when they have no personal financial conflict of interest. If a Commissioner does not recuse themselves on their own volition, they may be requested to refrain from further participation in the discussion or the vote by any member of the Commission (including Ex-Officio members) or by the Executive Director. It is the practice of the Commission that when a Commissioner recuse themselves, that they absent the meeting room during the length of the agenda item.

If a funding decision is being made as a part of a larger, competitive, decision-making process where decisions on a number of proposals are being made simultaneously rather than sequentially, any Commissioner with a direct interest in one proposal, thereby may have an indirect interest in competing proposals, and is expected to recuse themselves from the entire decision making process. There are specific materiality standards that determine at what point an agency has an indirect interest in competing proposals (based both on the gross annual receipts of that agency, as well as the amount of the grant proposals under discussion). If Commissioners choose to analyze whether or not they have an indirect interest based on the materiality standards, that option is open to them. However, the perception of an indirect interest can be just as damaging to the integrity of the Commission as a real financial interest, and Commissioners are encouraged to err on the side of caution in this regard. The issue of indirect interest does not apply to Commissioners who are government employees.

If a Commissioner does not have a direct financial interest in any of the proposals, but wishes to refrain from participating in a funding decision on a proposal for a separate, personal reason (such as a public perception that there might not be an unbiased opinion), they may recuse themselves from that discussion or vote, without recusing themselves from the entire competitive decision making process.

### **6.3.4 Ex-Officio Participation**

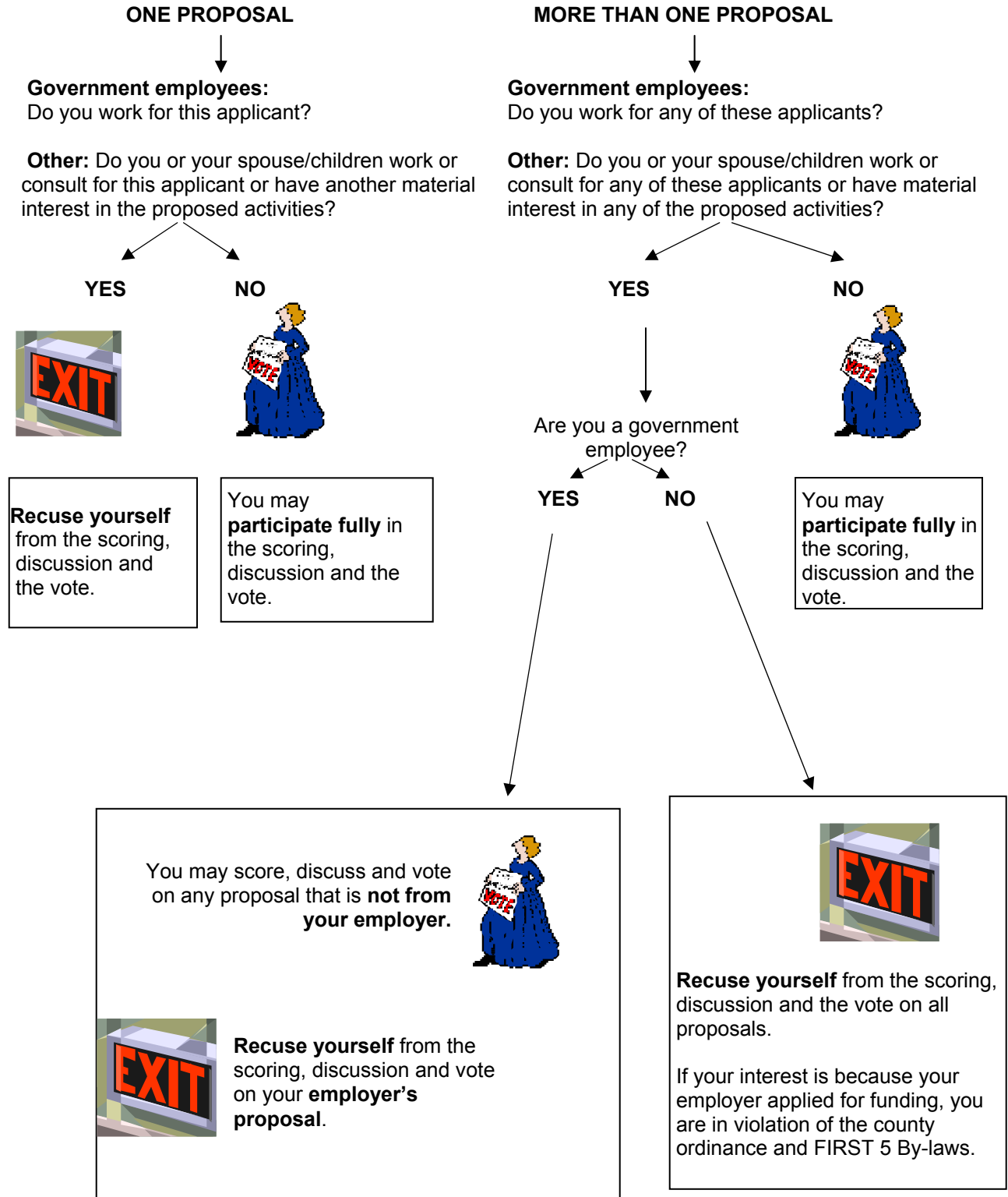
Although Ex-Officio members are non-voting members of the Commission, they serve in an advisory capacity to the Commission, and should avoid any perception of influencing the Commissioner's funding decisions affecting their agencies. However, ex-officio members may speak on any agenda item at any time, in their capacity as advisory members. Ex-officio members are also welcome to speak on any agenda items as a member of the public, if they

feel that they do not want to participate in a particular meeting in the capacity of an ex-officio member.

# Decision Tree for Participation in Scoring or Funding Decisions

Note: if you have any questions, please speak with the Executive Director or the County Counsel.

## How many proposals are under simultaneous consideration?



# SECTION 7: SALARIES AND BENEFITS

## **POLICIES AND PROCEDURES:**

Per the governing legislation for First 5 Commissions, each county commission must adopt, in a public hearing, policies and procedures for establishing salaries and benefits of its employees. The employees' salaries and benefits must comply with those set forth in the commission policies or the county government policies. [*Health and Safety Code Section 130151(b)(8) and Section 130140(d)(6)*].

### **7.1 Staff Hiring and Compensation Rates for Salaries and Benefits**

At the time of the adoption of this policy, the Commission does not operate as a separate department of the County of Tuolumne, and does not hire staff directly. Currently, all support for the Commission is provided through consultant agreements. When, and if, the Commission determines that it wishes to hire staff, the Commission will work with the County of Tuolumne personnel department to determine employment classes that are consistent with county policies and procedures.

### **7.2 Determining Compensation in Contracts with other organizations**

All individuals who fill Commission staff positions through a contract arrangement with another organization (e.g. the current contract between the Commission and the Tuolumne County Health Dept. for office support positions), shall operate under the personnel policies of their hiring organization, which includes the setting of compensation (for salaries and benefits) according to hiring class. It shall be the responsibility of the contractor to ensure that the employee is working within their hiring class. It shall be the responsibility of the Commission to ensure that an updated scope of work is negotiated annually with the contractor, to assist in ensuring that the contract conditions are consistent with the organization's personnel policies and practices.

### **7.3 Determining Compensation in Contracts with Individuals or Consulting Firms**

All individuals (or consulting firms) who contract directly with the Commission will be paid according to the terms of their negotiated contract with the Commission. Salaries and benefits are not considered for consultant services; rather an inclusive payment for a specific set of deliverables is negotiated. The Commission shall enter into professional service contracts for periods of one year to three years, according to a vote of the membership. At the time of this policy adoption, the Commission hires an Executive Director on a one-year contract basis. The Commission shall advertise the contract statewide and shall hire according to a competitive bid process at least every three years. In the interim, the Commission may choose to renew annual contracts with the existing contractor during the three year period.

In determining the winning bid for the contractor, and in negotiating annual contracts, the Commission shall consider the following factors:

1. The experience and qualifications of the bidder;
2. The equivalent cost of hiring a staff person and providing operational costs under the current policies and procedures of County of Tuolumne;
3. The fiscal stability of the Commission in the short term and the long term, and how this might impact hiring decisions, or negotiating decisions.

## **SECTION 8: ADHERENCE TO COUNTY ORDINANCE and BYLAWS and other applicable statutes.**

### **POLICIES AND PRACTICES:**

Per the governing legislation for First 5 Commissions, each county commission is required to adopt policies and practices to assure that it is adhering to the county ordinance establishing the commission. The ordinance must be adopted by the county's board of supervisors and contain the minimum provisions specified in Health and Safety Code Section 130140(a)(1). [*Health and Safety Code Section 130140(a)(1), Section 130140(d)(1), and Section 130151(b)(4)*]

### **8.1 COUNTY ORDINANCE CODE, CHAPTER 8.40.**

The First 5 Tuolumne County Commission was established by Chapter 8.40 of the Tuolumne County Code, entitled Children and Families Commission, originally adopted by the Tuolumne County Board of Supervisors on November 30, 1998, pursuant to paragraph (1) of subdivision (a) of Section 130140 of the California Health and Safety Code, and amended from time to time by the Board of Supervisors (hereinafter "the County Ordinance"). It is the policy and practice of the Commission to strictly adhere to the County Ordinance.

To ensure such adherence, the Commission shall provide all new Commissioners with a copy of the then current County Ordinance and advise them of the Commission's obligation, policy, and practice to adhere to the Ordinance. The Executive Director shall be responsible for ongoing monitoring of adherence to the Ordinance throughout the year and shall immediately report to the Commission any aspect of Commission operations that may not adhere. The Executive Director shall also annually review the County Ordinance, in consultation with Commission legal counsel where necessary, to determine whether any amendments to the Ordinance are necessary or desirable in order to comply with or better effectuate changes in legislation or local Commission practices. The Executive Director shall inform the Commission of any recommended changes and shall work with the County Counsel of Tuolumne County to bring forward revisions for the consideration of the Tuolumne County Board of Supervisors. The Executive Director shall maintain adequate records for an outside auditor to determine that the

Commission is complying with each of the elements specified in the ordinance.

## **8.2 BY-LAWS**

The Commission operates under approved By-Laws, which provide more specificity on operating procedures of the Commission. The Executive Director shall be responsible for ongoing monitoring of adherence to the By-Laws throughout the year and shall immediately report to the Commission any aspect of Commission operations that may not adhere. The Executive Director shall annually review the By-Laws to determine whether any amendments are necessary or desirable, and bring recommendations to the Commission for consideration. The Bylaws may be amended at any properly noticed meeting of the Commission by a majority vote.

## **8.3 PROCEDURES FOR PROVIDING INPUT TO THE BOARD OF SUPERVISORS REGARDING COMMISSIONER SELECTION**

As set forth in the Ordinance and the By-Laws, the Board of Supervisors has the discretion to consider the recommendation of the Commission for reappointments and for filling of vacancies. The process for the Commission to make these recommendations is:

Reappointment for second terms: To recommend reappointment of a Commissioner, the Commission will take a vote at a Commission meeting, with a majority vote to result in a written recommendation to the Board of Supervisors.

Filling a Vacancy:

1. The Executive Director and the Commissioners will assist in advertising the Commission opening through word-of-mouth and through newspaper ads, if necessary.
2. The standard Board of Supervisor's application form will be augmented by the following documents: (1) a description of the First 5 Commission activities; and (2) a waiver form which outlines conflict-of-interest issues for potential applicants and their employers.
3. The Commission shall agendaize a review of the applications and then vote to identify their recommended applicant. A majority vote will result in a recommendation. The Commission shall provide a written recommendation to the Tuolumne County Board of Supervisors for their top ranked candidate.

The Board of Supervisors is under no obligation to consider these recommendations.

## **8.4 COMPLIANCE WITH ASSEMBLY BILL 1234: EXPENSE REIMBURSEMENT AND ETHICS TRAINING**

Key elements for the First 5 Commission's compliance with AB1234 are as follows:

1. The Commission will operate under the written travel reimbursement policy of Tuolumne County, which will be consistent with the provisions of AB 1234.
2. Commissioners may be compensated for the following, within the limits of the County of Tuolumne travel reimbursement policy:
  - a. Mileage costs (to and from) and childcare costs directly associated with attending Commission meetings, advisory committee meetings, ad-hoc work group meetings (such as scoring teams), or other meetings that directly link to the business of the Commission.
  - b. Costs associated with travel to and attendance at First 5 conferences, trainings, educational opportunities (clearly linked to First 5 issues and approved by at least one Commission officer other than the traveler), including ethics training.
3. Commissioners must provide expense reports after incurring the expense, including submission of receipts for meals and other costs. Commissioners must also provide a brief report at the next regularly scheduled Commission meeting on the meeting(s) attended at the expense of the Commission. These reports can be verbal, and will be documented in the minutes for that meeting. All of the receipts and expense reports are to be maintained on file for public review under the Public Records Act. The receipts will be provided to the Auditor-Controller with the expense reimbursement request, and the Auditor-Controller will retain them on file as public records. A separate copy will be maintained by the Commission. Commission minutes are available on the website for up to two years, and will remain on file by the Commission for up to five years.
4. Commissioners will be required to participate in two hours of training in ethics principles and laws every two years. The Commission staff must ensure that Commissioners are offered a list of options, at least once a year, for satisfying this requirement. Each Commission who has been appointed as of January 1, 2006, must receive ethics training by January 1, 2007. Newly appointed Commissioners must receive their first training within one year of appointment. Records of participation must be kept as part of the public record for at least five years.

## **SECTION 9 : RECORDS RETENTION.**

### **POLICIES AND PROCEDURES:**

#### **9.1 RECORDS STORAGE**

The First 5 Tuolumne County Commission shall keep and store records, as follows:

Original Signed Contracts shall be kept in hard copy form for 3 years from the ending date of the contract, or the required length of time stipulated in the contract for records retention, whichever is longer. After that period, contracts shall be stored as electronic files for a minimum of 7 more years.

Grant Applications, Scoring Materials, Copies of Intent to Award Letters shall be kept in hard copy form until after the audit is complete for the fiscal year where they were generated. After that period, they shall be stored as electronic files for a minimum of 3 more years.

Audit Reports shall be kept for 10 years.

Financial Files, which are comprised of transaction records and monthly financial reports to the Commission, shall be kept for 5 years. The Tuolumne County Auditor keeps original transaction records on file. Electronic files of monthly financial reports to the Commission shall be kept for 5 subsequent years.

Contract management files for grantees shall be kept, in hard copy, for 3 years from the ending contract date or the required length of time stipulated in the contract for records retention, whichever is longer. After that period, the financial and program reports from grantees shall be stored as electronic files for a minimum of 7 more years.

Agendas from Commission meetings, and their associated attachments shall be kept in hard copy during the fiscal year until the audit is complete. After that period, the agendas and attachments shall be stored as electronic files for a minimum of 3 years.

Minutes from Commission meetings shall be kept in hard copy during the fiscal year until the audit is complete. After that period, the minutes shall be stored as electronic files for a minimum of 7 years.

Official documents regarding Commission compliance with the governing legislation, such as conflict of interest code adoption, records of Commissioner appointment by the Board of Supervisors, etc.), shall be kept in hard copy during

the fiscal year until the audit is complete. After that period, the documents shall be stored as electronic files for a minimum of 7 years.