Fiscal Management Policies and Procedures for the Region VII Workforce Development Board

Effective Date: December 19, 2024

1. Financial Management (2 CFR 200.302)

Objective: To establish and maintain robust financial management practices that ensure transparency, accountability, and compliance with applicable regulations and best practices.

Policies:

- **Budget Development and Management:**
  - **Preparation Process:**
    - **Timeline:** The budget preparation process begins in March for the upcoming fiscal year starting on July 1.
    - **Program Input:** Each program lead will submit a proposed budget by March 30, detailing anticipated expenses, program activities, revenues and justifications for funding requests.
    - **Consolidation:** The Executive Director will consolidate program budgets and prepare a draft budget document that includes:
      - Line items for personnel costs (salaries, benefits)
      - Direct program costs (supplies, travel, training)
      - Administrative costs (overhead, office supplies)
  - **Review and Approval:**
    - **Executive Committee Review:** The Executive Committee will review the draft budget in May, providing feedback and requesting additional information if necessary.
    - **Board Presentation:** A finalized budget will be presented to the Board at the annual meeting in June. The Local Elected Officials Board will hold an annual meeting to discuss and approve the budget no later than June 30.
    - **Communication:** The approved budget will be distributed to all staff and contracted sub-recipients, i.e., fiscal agent, one-stop operator, and youth services provider.
  - **Monitoring and Reporting:**
    - **Monthly Budget Monitoring:** The fiscal agent and Executive Director will compare actual expenditures to the budget monthly and prepare a Budget vs. Actual report that includes:
      - Recommendations for adjustments or reallocation of funds.
    - **Quarterly Review Meetings:** A quarterly budget review meeting will be held with the Executive Committee, where the Executive Director will present a detailed report, including projections for the remaining fiscal year.
- **Accounting System:**
  - **System Specification:**

        - The organization will utilize the West Virginia Education Information System (WVEIS).
        - Additionally, the fiscal agent will ensure all WIOA funding reports are submitted into WorkForce West Virginia's MACC system for Region VII WDB accruals and expenditures.
        - The fiscal agent will maintain and oversee the accounting software, ensuring that it is updated regularly to reflect any changes in accounting standards.
    - **Transaction Recording:**
        - **Timeliness:** All transactions will be recorded within a timely manner to ensure that all transactions are recorded for the appropriate accounting period of occurrence. This includes revenue, expenditures, and adjustments.
        - **Documentation:** Each transaction must have supporting documentation attached, such as:
            - Invoices
            - Receipts
            - Contracts
            - Approval emails or forms
        - **Chart of Accounts:** The organization will maintain a detailed Chart of Accounts, categorizing all transactions to facilitate accurate reporting and analysis.
    - **Monthly Reconciliation:**
        - **Bank Reconciliations:** Bank statements will be reconciled with the organization's financial records within 15 days of receipt. The fiscal agent will perform these reconciliations, and discrepancies will be documented and addressed immediately.
        - **Account Review:** All balance sheet accounts will be reviewed quarterly.
- **Financial Reporting:**
    - **Monthly Financial Statements:**
        - The fiscal agent will prepare and distribute the following financial statements by the 10th of each month:
            - Statement of Financial Position (Balance Sheet)
            - Statement of Activities (Income Statement)
        - Each report will include narrative summaries highlighting significant changes and trends.
    - **Annual Financial Audit:**
        - The organization will engage an independent CPA firm for an annual financial audit, to be completed by December 31. The audit process will involve:
            - Preparing a detailed schedule of all financial records and supporting documentation for the auditors.
            - Providing the auditors with unrestricted access to all financial information and personnel.
        - The Executive Committee will review the audit findings and prepare a report for the Board, including any recommendations for policy or procedural changes.
- **Grant Management:**
    - **Grant Proposal Development:**

        - Each grant proposal will be assigned to a designated Grant Manager, responsible for drafting and submitting the proposal, ensuring alignment with the organization's mission.
        - Proposals will be reviewed by the Executive Director and Executive Committee for financial accuracy and alignment with organizational goals before submission.
    - **Grant Tracking and Reporting:**
        - A dedicated grant management software will be used to track grant applications, awarded amounts, budget allocations, and expenditures.
        - Financial reports will be submitted to funding agencies as specified in grant agreements, including:
            - Programmatic updates
            - Financial reports that detail expenditures against approved budgets
        - The Region VII Workforce Development Board and the Executive Director will ensure compliance with all reporting timelines and requirements, maintaining documentation for each report submitted.

2. Internal Controls (2 CFR 200.303)

Objective: To implement a robust system of internal controls that protects the organization's assets, ensures accurate financial reporting, and promotes ethical behavior.

Policies:

- **Segregation of Duties:**
    - **Key Responsibilities:**
        - No single employee will handle all aspects of any financial transaction. Key responsibilities include:
            - **Cash Handling:** Limited to fiscal agent staff within the finance department.
            - **Accounting Functions:** Managed by the fiscal agent.
            - **Approval Authority:** The Executive Director will approve expenditures up to $5,000.
        - **Cross-Training:** Staff will receive cross-training in essential functions to ensure continuity and reduce risks associated with turnover.
- **Authorization and Approval:**
    - **Operational Approval Process: Purchase Orders will be utilized in accordance with West Virginia Department of Education (WVDE) Policy 8200.**
        - All expenditures must receive appropriate authorization:
            - Expenditures under $500 require program lead approval.
            - Expenditures up to $5,000 require Executive Director approval.
            - Expenditures over $5,000 require Board approval.
        - **Purchase Orders:** A purchase order (PO) system will be implemented for all purchases over $500 to ensure proper tracking and approval.
    - **Contract Management:**
        - All contracts and agreements must be reviewed and approved by the local workforce development board and the local elected officials board. Contract

procurement is subject to all local, state, and federal procurement policies and procedures. The following steps will be followed:
        - Draft contracts will be prepared by the Executive Director requesting the service.
        - Contracts will be reviewed and approved by the LWDB and LEO Board.
        - Final contracts will require signature by the Executive Director, Board Chair, and Chief Local Elected Official.

- **Physical and Data Safeguards:**
    - **Cash Handling Procedures:**
        - All cash and checks will be logged immediately upon receipt, and deposits will be made in accordance with WVDE Policy 8100.
        - A two-person verification process will be implemented for all cash deposits.
    - **Access Controls:**
        - Financial records will be stored securely in locked cabinets. Electronic financial records will be maintained in a password-protected and encrypted database with restricted access.
- **Monitoring and Review:**
    - **Internal Audits:**
        - The Executive Committee will conduct internal audits annually, focusing on adherence to policies, effective operation of internal controls, and review of financial transactions.
        - Audit findings will be documented, with corrective actions recommended to the Board.
    - **Whistleblower Policy:**
        - A whistleblower policy will encourage staff to report any unethical or illegal behavior related to financial activities. Reports can be made anonymously by emailing tjvanmeter@region7workforce.org .
        - All reports will be investigated promptly and documented, with outcomes communicated to the Board.

3. Retention Requirements for Records (2 CFR 200.334)

Objective: To establish a comprehensive record retention policy to ensure compliance with federal regulations and promote transparency.

Policies:

- **Record Retention Schedule:**
    - **Financial Records:**
        - The organization will retain financial records as follows:
            - **General Ledger and Trial Balances:** Seven years after the completion of the fiscal year.
            - **Invoices and Receipts:** Three years after the final report to the funding agency.
            - **Payroll Records:** Seven years from the date of payment.
    - **Grant-Related Documents:**

        - All grant applications, agreements, and financial reports will be retained for three years following the end of the grant period.
- **Electronic Records Management:**
    - **Data Backup Procedures:**
        - Financial data will be backed up daily to an encrypted offsite server, through the West Virginia Educational & Informational System (WVEIS).
        - Access to electronic records will be limited to authorized personnel only, with a log maintained of all access attempts.
- **Destruction of Records:**
    - **Secure Destruction Protocol:**
        - Physical records will be shredded, while electronic records will be deleted using secure deletion methods that ensure data cannot be recovered.
        - A log of destroyed records will be maintained, detailing the type of record, date of destruction, and individual responsible for destruction.

Implementation Procedures

1. **Training and Awareness:**

- **Annual Training Programs:**
    - An annual training session will be held for all staff and Board members on fiscal policies and procedures, covering key topics such as budget management, internal controls, and ethical financial practices.
    - A detailed training manual will be distributed, and training sessions will be documented, including attendance and content covered.

2. **Monitoring Compliance:**

- **Annual Compliance Assessments:**
    - The Executive Committee will conduct annual assessments of compliance with policies, documenting findings to the Board. Recommendations for improvements will be included in a report, if necessary.
- **Feedback Mechanism:**
    - An anonymous feedback mechanism will be established to allow staff to report concerns regarding financial practices without fear of retaliation.

3. **Policy Review and Updates:**

- **Annual Review Process:**
    - These policies will be reviewed annually by the Executive Committee, with proposed updates documented and submitted to the Board for approval.
    - Updates will be communicated to all staff, with updated policies distributed to all staff and sub-recipients of the Board

Conclusion

These comprehensive fiscal policies and procedures are designed to ensure compliance with 2 CFR 200.302, 2 CFR 200.303, and 2 CFR 200.334, while fostering a culture of accountability, transparency, and responsible resource management. By implementing these practices, the Region VII Workforce Development Board can effectively safeguard its financial integrity and further its mission to serve the community. Any financial policies or procedures not explicitly expressed here or within the financial policies of the Region VII Workforce Development Board shall be more fully outlined at https://wvde.us/finance-and-administration/school-finance/manuals-policies/ . This link provides full comprehensive financial policy and procedural manuals for the West Virginia Department of Education. As of July 1, 2024 the Eastern Panhandle Instructional Cooperative (EPIC) is the Fiscal and Administrative Agent for the Region VII Workforce Development Board. EPIC is an Educational Service Cooperative (ESC). As an ESC EPIC adheres to all West Virginia Department of Education policy and procedures including policy 1224.1, 8100, and 8200. As the Fiscal and Administrative Agent for the Region VII Workforce Development Board EPIC will adhere to all applicable federal guidance, procedures, and policy when reporting or disbursing WIOA funds.

T.J. Van Meter, Executive Director

12/19/24
Date

Layne Diehl, Chairperson Region VII WDB

1/8/2025
Date