

Financial Manual

Buchanan County Head Start

Updated and approved by the PC

02/15/2017

# Financial Manual

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Program year 2016 - 2017

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## Introduction

The following financial manual is intended to provide an overview of the policies and procedures used by the Buchanan County Head Start Program.

The contents of this manual were approved as an official policy of the program by the Policy Council. All BCHS staff is bound by the policies herein, and any deviation from the established policies set forth is prohibited.

## Organization

The Fiscal Department consists of staff that manage and process financial information for BCHS. The positions comprising the Fiscal Department of BCHS are as follows:

- Head Start Director
- Financial Manager
- Financial Assistant

Other officers who have financial responsibilities are as follows:

- Executive Director
- Treasurer of Buchanan County, VA
- Deputy Treasurer of Buchanan County, VA
- BCHS Policy Council
- Finance/Budget Committee
- Personnel Committee
- Self-Assessment Committee
- Buchanan County Board of Supervisors

## Responsibilities

The primary responsibilities of the Fiscal Department consist of:

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General Ledger  
Budgeting  
Purchasing  
Accounts Payable & Receivable  
Cash Receipts  
Cash Disbursements  
Payroll & Benefits  
Reporting  
Audit  
Compliance  
Disbursements  
Insurance  
Management  
Check and Balance  
Systems

All records are maintained on the Sage Business Works Software Version 2017.

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## I General

1. Buchanan County Head Start follows written procedures set forth in the financial manual. There is a system in place that ensures a check and balance system over all financial matters. All records are supported by accurate documentation. There are procedures set in place to determine the allow ability, allocability, and the reasonableness of the cost.
2. The Policy Council approve all financial & administrative policies.
3. The Head Start Director is responsible for all operations of the program, including financial management.
4. The Head Start Director is responsible to the Executive Director, the Board of Supervisors, and the Policy Council.
5. All employees follow the program's organizational chart.
6. The Financial Manager and Fiscal Asst. are responsible for the financial duties. There is a check and balance system in place to ensure that no one person has complete financial access. There is a separation of duties between the two employees. Also, the program works with the County Administrator's Office and the County Treasurer's Office. Financial duties are separated so that no one employee has complete control over disbursements, payroll, payables, etc. Both fiscal personnel have a bachelor's degree in Business Administration.
7. Job Descriptions are kept and maintained on all employees and filed in their personnel records. Employees receive a copy of their job description at the beginning of each year during in-service training. Policy Council approval is required when making changes to job descriptions.
8. All financial staff and managers are bonded.
9. All program forms will be typed or completed in ink.
10. All grants and contracts will be disbursed based on the funding source requirements.
11. An audit is conducted with Buchanan County each year.
12. The lines of authority on the program's organizational chart will be followed by all employees.
13. Chart of Accounts:
  - a. 200's – Salaries & Fringe Benefits (Salaries, FICA, Retirement, Hospitalization, Unemployment & Worker's Comp.)
  - b. 400's – Supplies (Component, Teacher, Office, Classroom, Medical, Cleaning, Equipment, Literacy, Postage & Copier/Computer)

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- c. 500's & 600's – Other (Mandated Screenings, Insurance, Rent, Telephone, Advertisement, Dues, Local Travel, Utilities, Vehicle Maintenance, Classroom Maintenance, Water/Sewage, Food, Drug Testing)
14. Separate books and accounts will be maintained as required by the funding source. BCHS keeps books both computerized & manual.
15. Cost of Living Adjustments (COLA) shall normally go into effect and be retroactive to December 1 after it has been approved. This is for any COLA received by the program.
16. All employees shall use annual/sick days in accordance with guidelines specified in the Employee Handbook approved by the Policy Council.
17. The financial staff shall assist the Executive Director and Director in the overall administration of the financial policies. Specific financial obligations shall be delegated to these two individuals as determined by the Executive Director and Director.
18. The Director has the responsibility for all operations and activities including financial management and shall delegate the administration of the financial policies to financial staff as deemed appropriate.
19. The Financial Manager is responsible to the Executive Director and Director for all financial operations.
20. The BCHS Fiscal Year will be the first day of December to the last day of November.
21. Because of the nature and the mission of the organization, the agency does not make political contributions.

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## II. Cash Receipts

1. The Financial Manager and the Financial assistant are the only employees allowed to request funds.
2. Funds are requested twice a month: processing of payables and payroll.
3. Funds are requested in the amount needed for expenditures only.
4. Funds needed are processed by fiscal employees and approved by the Director before drawing down the funds. The amount of funds needed is processed against expenditures to be paid minus any cash on hand or USDA expenses. USDA reimburses the program each month for children's meals.
5. Two copies of a fund request are submitted to the Treasurer's office and signed off by the Deputy Treasurer when funds are received. A copy is kept in the Treasurer's office and the Head Start office.
6. The amount of draw downs/funds received is recorded in the ledger monthly.
7. The funds request form signed by the Deputy Treasurer is kept in the cash receipts/transmittal book, and the funds request form approved by the Director is kept on file and used to prepare a monthly expenditure sheet using expenditures and draw downs monthly. This worksheet will match the amount of expenditures against the amount of funds received. If there is cash on hand, this amount is deducted before requesting or drawing down funds the next time.
8. Funds are requested using the Payment Management System and are requested the day before expenditures are to be disbursed.



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## III. Cash Disbursements

1. Requisition forms are filled out completely and approved by the director before a Purchase Order number is issued. Purchase order numbers & requisition forms are kept in a locked file cabinet with only fiscal personnel having access.
2. The financial assistant runs purchase order numbers. They are pre-numbered and consist of the following information:
  - a. Date
  - b. Vendor
  - c. Vendor's Address
  - d. Goods or Services rendered
  - e. Amount
  - f. Person requesting Purchase Order
3. Purchase Orders, requisition forms and invoices, are signed by the Director before making payments/disbursements.
4. Bills/invoices are processed as soon as the financial assistant receives them. Bills are totaled twice for accuracy and put into the Business Work's Accounts Payable module. A complete list of all bills/invoices is submitted for payment approval to the Executive Director & Grantee board on the 25<sup>th</sup> of each month. The financial assistant keeps a record of all outstanding purchase orders. Should an invoice not be received before submission of the bill listing, another bill listing is submitted to the Executive Director and these are paid with payroll. This method ensures that ALL bills/invoices are paid on time & by their due dates.
5. Checks are kept in a fireproof safe located in the fiscal record room.
6. Only fiscal personnel can key in information to the Business Works program to generate any checks.
7. Three signatures are required on the checks: County Administrator, County Treasurer, and Chairman of the Board. Checks are stamped with these signatures in the County Administrator's Office & then in the Treasurer's Office. Checks are left in the Treasurer's Office vault overnight and picked up the next morning for disbursement.
8. Checks are in duplicate form: Original – Payee, Yellow – Treasurer's copy, Pink – Head Start's copy.
9. All checks are pre-numbered.
10. Voided checks will have "Void" written in ink across the amount and signature part of the check.
11. No checks will be written out to cash or petty cash.

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12. No checks will be signed in advance.
13. Checks will only be prepared when there is verified documentation.
14. Checks shall not be prepared on verbal authorization.
15. Bank reconciliation is done through the Buchanan County Treasurer's Office.
16. The Deputy Treasurer/County Bookkeeper receives monthly bank statements and contacts the Head Start office if there are any outstanding checks.
17. The financial assistant will contact any vendor who has not cashed a check within the adequate amount of time. If necessary, the financial assistant will put a stop payment on a check or void the check and re-issue a new check.

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### IV. Purchasing, Receipts of Items Purchased & Payment

1. Purchase orders are prepared by the financial assistant & approved by the Director.
2. Purchase orders numbers are maintained in a locked file cabinet.
3. Requisition forms are pre-numbered and maintained in a locked file cabinet.
4. Before making a purchase, a requisition form is filled out completely and approved by the Director. It is then given to the Fiscal Asst. for a purchase order number to be issued. After the items are ordered, an invoice is submitted and processed by the Fiscal Asst. for payment.
5. Requisition forms must have the following information: date, vendor, account to be charged, what is to be purchased, the purpose of the request, signature of employee making the request and the approval of the Director.
6. If items are ordered by phone, the requisition is placed with invoices to be paid and is attached to the invoice when it is received.
7. The Director approves all invoices and requisition forms. The Director and Executive Director authorize each invoice monthly.
8. Before any purchase can be made, it must first be determined if there are available budget funds, if the purchase is allowable under the terms outlined in the budget, and if the purchase is necessary for program efficiency.
9. All purchase orders are certified by the Director and a copy is filed with each invoice.
10. Any purchase order that is voided will have "void" written across the face of the purchase order and kept on file.
11. The Buchanan County Head Start follows the procurement policy set forth by the Buchanan County Board of Supervisors which also meets the guidelines set forth in the Performance Standards regarding purchases. Large purchases are made ONLY with policy council & funding source approval. BCHS purchases items from eVA – state contract.
12. The percentage of federal funds spent is documented and kept on record for supplies and equipment.
13. All invitations for bids/requests for quotes will be based upon a clear and accurate description of the technical requirements for the material, product, or service to be purchased. Bid specs should be definite and as detailed as possible and contain clear specs that do not contain features that unduly restrict competition. All efforts will be made by the BCHS to utilize small businesses, minority and female owned business sources of supplies and services when applicable.

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14. When three (3) quotes can't be obtained, the reason shall be noted along with the quotes received. Should special circumstances require the selection of a vendor who does not quote the lowest price, note the reason on the file copies of the purchase order.
15. In selecting a supplier, where a wide variety of items are being purchased, the lowest price on a few items is not always a major factor, such as factors of reliability, service, and quality of the product, Delivery and customer satisfaction should be considered in making/handling purchases.
16. Contractors that develop/draft grant applications, contract specifications, and statements of work, an invitation for bids and or request for proposals are excluded from the bidding for the procurement.
17. No purchase will be made for employees using the program's name.
18. Purchasing is done through the Buchanan County Central Purchasing Department when supplies/materials are available.
19. The fiscal asst. will collect the following documents, check them for accuracy and assemble them in the following manner:
  - a. Packing slips will be checked when items are received
  - b. The purchase order along with the tape listing the amount due will be attached to the invoice
  - c. If items are not received, the fiscal asst. will keep a record and follow up
20. Goods and services are received prior to payment in most instances. The fiscal asst. enters the information from approved invoices into the Business Works Accounts Payable module.
21. An invoices selection report is run monthly and submitted to the County Administrator's office for approval by the board. Some bills such as utilities, telephone, gas, etc. may not have been received in time for the bill listing submission. In this case, a work sheet is completed and taken to the Executive Director for approval and these invoices are paid with the payroll. The fiscal asst. calls the secretary to the Executive Director/County Administrator to make sure invoices were approved in the meeting before issuing checks.
22. The Executive Director/County Administrator signs the monthly bill listings each month. A copy is kept on file by the fiscal assistant.
23. Payments are made by the 15<sup>th</sup> of each month.
24. The fiscal asst. and Financial Manager check invoices against the report for accuracy before running checks.

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25. The fiscal asst. runs the Accounts Payable checks, fills out the check register; a fund request forms and requests the funds. The Director approves funds request forms.
26. The fiscal asst. takes the checks to be stamped. All checks have the following signatures: County Administrator, County Treasurer, and Chairman of the Board. The county payroll or county accounts payable clerk will stamp checks and check against the bill listings that were approved for that month.
27. Checks are picked up the next morning and mailed. The Financial Manager checks each invoice against the check and marks the invoice paid and the check number.
28. Invoices, requisition forms and purchase orders are bound each month with a copy of the monthly check register.
29. Large purchases made by BCHS will be approved in writing by the funding source and received before being made if funds were not included in the budget.

### **Credit Cards**

BCHS does not have any active credit cards. All purchases are made by using purchase orders or by staff paying for items and being reimbursed. Reimbursement is made only if the Director authorized the purchase/travel.

BCHS uses Food City cards when making purchases from the local grocery stores. This method is in lieu of the use of the PO. The program is then billed monthly. Only managers, fiscal personnel, teachers, and the family service provider use these cards. Food City card purchases are handled the same as other purchases. A requisition form must be filled out and approval by the director and is necessary before a purchase is made. Cards are maintained in the financial assistant's office and must be checked in and out.

BCHS uses gas cards for some of the agency vehicles/ buses. These cards are kept in the vehicles, and only those who drive agency vehicles have a code to enter at the gas pumps. Vendors still receive a running PO # for the year. BCHS follows the Board of Supervisors policy when using these cards for agency vehicles. Gas cards are kept inside the agency vehicle and only used when needed & by authorized personnel. These cards are used ONLY for gas purchases or items pertaining to vehicle maintenance that can be purchased at the gas stations.

## **Allowable & Allocable Cost**

BCHS follows the standard procurement guidelines set forth and followed by the Buchanan County Board of Supervisors. All purchases made are approved by the Director prior to the purchase. Large item purchases are pre-approved by the Policy Council and Funding source. All purchases are checked for:

- a. The need of the item.
- b. If the cost is reasonable.
- c. If there are funds available in the budget for the purchase.

IF cost is not reasonable, allowable, necessary, and allocable BCBS will not approve the purchase.

Regional Office approval is maintained on any/all large item purchases that have not been written up in the budget.

## V. Payroll

1. A change in personnel must be approved by the Policy Council.
2. All employees have state and federal taxes withheld each month.
3. Unemployment and Worker's comp is paid on all employees.
4. The Financial Manager is responsible for seeing that all new employees complete the following:
  - a. State and Federal Tax forms
  - b. Insurance & dental applications (these are submitted to Buchanan County Ins. Agent)
  - c. Confidentiality Statement
  - d. Employee Verification form
  - e. Sworn Disclosure
  - f. Anthem Life form
5. The Education Mgr. submits the criminal background and CPS checks on all paid employees. This includes substitutes that may work throughout the school year.
6. The Director, Education Mgr., or Parent Inv. Mgr., depending on the position the employee was hired for, goes over the job description with new employees. A copy of the signed job description is kept in his/her personnel record.
7. BCHS does not pay employee Bonuses.

### Time Sheets

1. Each employee or substitute is responsible for completing a monthly time sheet. Time sheets are to be filled out accurately in blue or black ink. No time sheet will be accepted in pencil.
2. Completed time sheets are submitted to the Financial Manager on the 15<sup>th</sup> of each month, and payday is on the 25<sup>th</sup> of each month. If the 15<sup>th</sup> or the 25<sup>th</sup> falls on a weekend or holiday, time sheets and paydays are due/ issued the Friday or day before.
3. Time sheets are approved as follows:
  - a. Director – by the Executive Director
  - b. Managers & Family Service Provider– by the Director
  - c. Teachers, Home Visitor, Aides, Substitutes – Education Mgr.

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- d. Bus Drivers – Parent Inv./Transportation Mgr.
4. Time sheets are checked against the absentee log monthly. Employees are to notify the Financial Manager and his/her immediate supervisor when they are absent and who their substitute (if any) will be. The absentee log lists the following:
  - a. Date
  - b. Employee absent
  - c. Substitute for the day
  - d. How contact was made
  - e. Employee contacted
5. The absentee log is filed monthly with time sheets.
6. Time sheets are bound and labeled each month along with the payroll worksheet and absentee log.

### **The Payroll & Fringe Benefits Process**

1. After time sheets are processed and approved by immediate supervisors, the information is then recorded onto the Payroll Worksheet.
2. The Financial Manager will enter all information from the payroll worksheet into the Business Works Payroll module time card entries.
3. The Financial Manager will then run the current time card entry report and proof this report against the payroll worksheet. This procedure is to ensure that all information was entered accurately. The worksheet is then proofed by two employees, signed, and dated.
4. After the time card entry report, has been reviewed, the Financial Manager will run the automatic payroll selection report and review against the payroll worksheet for accuracy.
5. The Financial Manager will then take the automatic payroll register and the Director's time sheet to the Executive Director for approval of payment.
6. The Financial Manager prepares an accounts payable worksheet of insurances, retirement, group life, etc. that will be paid with the monthly payroll. (Some employees have personal insurances deducted from their payroll monthly). Also, any utility or telephone bills that come in after payables have been paid are recorded on the worksheet and processed with payroll. The sheet is tabbed with a tape amount and proofed against the invoice selection report for accuracy. The Executive Director and Director certifies all payments.



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7. A hospitalization and dental premium form is processed, run, and bound monthly. A copy of the report is submitted to the County Insurance agent each month.
8. A retirement and group life form is processed, run, and bound monthly. A copy is submitted to the County Payroll agent each month.
9. The Financial Manager will enter all payables in the Business Works AP module, run a selection report and then proof the report against the AP worksheet for accuracy.
10. After approval is received, both accounts payables and payroll have been checked; the Financial Manager processes the checks. The pink copy is kept in the Head Start office, the yellow in the Treasurer's Office and the original goes to the payee.
11. The Financial Manager will submit a request for funds form and the pink copy of payroll checks to the Director for approval.
12. The Financial Manager will make the state tax deposit through the Virginia Department of Taxation online.
13. The Financial Manager will make the 941, federal tax deposits, through the EFTPS system.
14. The Financial Manager will:
  - a. Fill out check register
  - b. Fill out Funds request form
  - c. Request funds needed through the Payment Management
15. A check register and funds request form is completed and submitted with copies of tax deposits made. A copy is kept in the Treasurer's office & the Head Start office.
16. After all checks, have been run, tax deposits made, and funds have been requested, the Financial Manager takes them to the court house where the county payroll or accounts payable clerk stamps the checks and proofs them against the work sheet approved by the Executive Director. Checks are left over night and picked up the following morning from the Treasurer's office. The financial manager and assistant will disburse checks written. Payroll is issued through direct deposit.
17. All employees will receive his/her check in person. Should an employee be unable to pick up his/her payday, someone on their authorization form, may pick up the check. Each employee has a form in his personnel file authorizing people to pick up her payday. This is updated as needed. Payroll is signed for each month and the form is bound with the monthly timesheets.

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## **Overtime**

1. Buchanan County Head Start does not pay overtime.
2. Any overtime must be justified and approved by the Director.

## **VI. Personnel Records**

1. The Financial Manager is responsible for personnel and health records.
2. The personnel files contain the following information:
  - a. Job Application
  - b. Job Description
  - c. Emergency Contacts form
  - d. Sick Day form
  - e. Check Authorization form
  - f. Tax forms
  - g. Insurance forms
  - h. Retirement forms
  - i. Criminal Back Ground check
  - j. CPS check
  - k. Sworn Disclosure
  - l. Computer Agreement form
  - m. Confidentiality Statement
  - n. Memos
  - o. Training Sheets
  - p. Evaluations
  - q. Educational information
  - r. Professional Growth & Development Plan
3. The health files contain the following information:
  - a. Emergency contact form
  - b. TB test and Physical
  - c. Accident Reports
  - d. Doctor excuses
  - e. Medical History Form
4. The Financial Manager, director, immediate supervisor, and employee are the only authorized parties with access to personnel records.
5. Both personnel and health records are kept in a locked file cabinet marked "confidential."
6. Files are checked and up-dated on an as needed basis.

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7. Personnel information is entered in the PROMIS program as needed.
8. All changes made by an employee must be submitted in writing.
9. Both sets of files have cover sheets and are updated as needed.
10. A current listing of employee phone numbers and addresses is kept on file.
11. Employees are required to obtain a physical, every two years, and a TB screening each year.
12. Employees are required to obtain a driving record each year. The copies are kept on file in the Human Resource Department. The Transportation Manager is provided a copy by the HR Department.
13. Criminal back ground checks and Child Protective checks are done every three years on staff/substitutes. Sworn disclosure statements are done each year on staff/substitutes. These checks and statements are done prior to employment.

## **VII. Travel**

### **Out of Town Travel/Travel for Training**

1. All out of town travel is approved in advance.
2. Employees will complete a request for authorization of official travel stating the following:
  - a. Date of request
  - b. Purpose of travel
  - c. Destination
  - d. Date of travel
  - e. Amount of funds requested
3. The Director will sign and approve all travel.
4. Per Diem will not exceed the standard travel allowance as approved. (\$10 per meal or \$50 per day depending on location of training).
5. After travel is approved, the financial assistant will code the form and process for payment. Payment will be made with monthly payables or payroll, depending on submission of request form.
6. Travel request forms will be filed with monthly invoices.
7. If a reimbursement for travel is requested, the employee will submit funds and receipts to financial assistant. If there are any leftover funds, a transmittal is prepared and funds are deposited back into Head Start's account.
8. A transmittal is completed and a copy is made for both Head Start and the Treasurer's office records on all reimbursements.
9. The financial assistant or Financial Manager sign transmittal forms.
10. The Financial Manager or assistant will take the reimbursement and transmittal forms to the Treasurer's office for deposit. The deputy Treasurer will sign both forms verifying the return funds, and return a copy for BCHS records.

### **Local Travel**

1. No employee will receive mileage from his/her residence to his/her worksite.
2. All employees are responsible for recording mileage and keeping accurate mileage sheets.
3. Mileage sheets are due on the 15<sup>th</sup> of each month and are paid by the 15<sup>th</sup> of the following month.
4. Mileage sheets are not to exceed two months in time.
5. The financial assistant is responsible for processing and checking all mileage sheets.

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6. Immediate supervisor/managers approve mileage sheets each month.
7. Mileage is paid at .51 per mile.
8. Mileage may be paid for the following:
  - a. Employees making home visits using their own vehicle
  - b. Employees delivering/picking up supplies
  - c. Employees visiting the centers
  - d. Employees attending out of town training – only if approved in advance and if transportation is not provided
  - e. Employees recruiting children and using their own vehicle
  - f. Parents attending Policy Council meetings/Committee meetings
9. All mileage sheets approved by the Director each month.
10. All mileage sheets must have the odometer reading recorded.
11. Adequate planning is a very important part of being responsible about mileage reimbursement. If more than one person is going to the same location, employees should car pool.
12. When making visits, please be sure to not back track. This helps ensure that the mileage is kept to a minimum.

### **Parent Mileage**

1. Parents will be paid mileage for attending the following:
  - a. Policy Council Meetings
  - b. Committee Meetings
  - c. To perform self-assessments
2. Mileage is paid monthly and approved by the Parent Inv. Manager and Director each month.
3. Parents are paid at the rate of .51 per mile.
4. Mileage sheets are to be submitted by the 15<sup>th</sup> of each month and are
5. to include odometer readings.

### **VIII. Consultants, Contract Services, and Inter Agency Agreements**

1. Consideration will be made of in-house and local capabilities to accomplish services before contracting for them.
2. Any written contracts will clearly define work to be performed and will be maintained for both consultant and contract services.
3. Consultant services will be paid for as work is performed. An invoice will be submitted to the financial assistant, approved by the Director, and go through the same payment process as other bills/invoices.
4. The Director will sign and approve any contracts or agreements.
5. Monitoring reports are maintained on file by the Director.
6. All consultants must have the required qualifications when working with staff, children, parents, etc.
7. Inter-Agency agreements are conducted annually. A copy is maintained with the annual grant and the management team.

### **IX. Property and Physical Inventory**

1. Property and materials will be classified as consumable or non-consumable at the time of purchase.
2. The grantee will maintain original titles to all property/vehicles. A copy is maintained on file by the financial assistant.
3. Copies of all invoices for non-consumable materials are listed in an inventory book. The following is listed:
  - a. Date purchased
  - b. Vendor's Name
  - c. Name of item
  - d. Grant number
  - e. Location
  - f. Condition
  - g. Funding Source
  - h. Amount of Federal funds used for item/items purchased
4. All non-consumable items will be marked with the agency's name and grant number as they are received.
5. Classroom inventory is done twice per year. Teachers submit inventory at the beginning and end of each school year to the financial assistant. The financial assistant will conduct program inventory at the end of each school year.
6. Inventory is taken on vehicles at the beginning of each school year. The Parent Inv./Transportation Mgr. submits a copy of inventory to the financial assistant and keeps a copy on file. The Executive Director/Grantee Board has a copy of vehicle inventory, and they have the titles on file. A copy of all titles is maintained by the financial assistant and the Parent Inv./Transportation Mgr. The original is kept in the Executive Director's office by the county insurance agent.
7. Inventory of the central office and home base building is done every two years by the financial assistant.
8. Inventory lists are signed and dated.
9. The amount of federal interest is documented on supplies/equipment purchased by the program.

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## **Loss, Damage, or Destruction**

1. Adequate safeguards will be in place to prevent loss, damage, theft, or destruction of property. The Director, Manager or financial assistant will be notified immediately of loss, damage, theft, or destruction of non-expendable personal property and a fully documented investigation will follow. A police report, insurance claim, or other appropriate documentation will be required and filed by the financial assistant.

## **Disposal of Equipment**

Equipment which is no longer functional or is no longer needed will be disposed of in one of the following ways:

1. Advertisement will be placed in newspapers and sealed bids will be taken
2. Taken to landfill for disposal
3. Call the Litter Control for pick-up and disposal
4. The financial assistant will document equipment that has been disposed and keep on file with the inventory



## **X. Leases**

1. All leases will be approved and signed by the Director or Executive Director.
2. Leases will correspond to program fiscal year whenever possible.
3. Copies of all leases will be kept on file and maintained by the financial asst.

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## **XI. Insurance**

1. Copies of insurance policies are maintained by the financial assistant and the county insurance agent.
2. Workmen's compensation is maintained on all employees and paid through a blanket policy through the Buchanan County Board of Supervisors with Head Start being responsible for paying their premiums.
3. Bonding insurance is maintained of not less than 100,000 for bodily injury.
4. A blanket fidelity bond is maintained on central office staff. (Director, fiscal and managers).
5. Insurance policies are included in the Buchanan County Board of Supervisors insurance package and Head Start is responsible for paying their premiums.
6. Buchanan County Head Start is insured through VACO with the Buchanan County Board of Supervisors and with Nationwide Insurance for the children's liability.
7. BCHS is secured and keeps in force during operation period adequate insurance coverage to protect against losses. Coverage includes student accident, general liability, automobile, and bonding.

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### **XII. Telephone and Fax**

1. Personal long distance phone calls will not be made on agency telephones by employees EXCEPT in emergency situations. Reimbursement will be made to the financial assistant for any long-distance calls made by staff.
2. Telephone logs are maintained in centers for staff usage. Telephone logs are submitted to the financial assistant each month.
3. The financial assistant will reconcile phone logs with the phone bills each month.
4. All long-distance calls are accounted for.
5. Telephone logs will be filed each month by the financial assistant.
6. The central office lines have free long distance in their package.
7. All staff will complete a fax cover sheet when using the fax machine. Cover sheets will be submitted the financial assistant who will reconcile these against charges on the monthly invoices.
8. Fax logs will be filed each month by the financial assistant.

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### **XIII. Non-Federal Share/ In-Kind**

1. Federal financial assistance granted under the act for a Head Start program shall not exceed 80% of the total costs of the program.
2. The NFS share will not be required to exceed 20% of the total costs of the program.
3. Federal awards for training and technical activities (T/TA) shall be included in the federal share in determining the total approved costs of the program. Therefore, it is also subject to the 20% NFS matching requirement.
4. NFS/in-kind contributions can be in the following forms – time, materials, the use of space, professional services, etc.
5. Non-Federal/In-Kind will be received and recorded monthly by the financial assistant.
6. Non-Federal share is due at the beginning of each month.
7. Non-federal/in-kind sheets are maintained in the centers and are signed by a center staff person. The forms must be completed and signed by the person/persons who are donating the services. Documentation validates parent and community involvement in the BCHS program.
8. The financial assistant is responsible for basing rates for services rendered for non-federal/in-kind shares. Rates are updated on an as need to basis and approved by the Policy Council before use.
9. Accounting records for non-federal/in-kind contributions will be supported by proper source documentation.
10. Contributions are processed and tracked in the PROMIS program
11. The monthly shares received are matched against monthly expenditures to ensure that there is an accurate match. If the matching amount falls short of the amount needed, it is the responsibility of the financial assistant to notify the Director and Financial Manager immediately.
12. Monthly NFS amounts are recorded in the general ledger and matched against monthly expenditures.
13. A monthly non-federal contribution report is prepared by the financial assistant and submitted to the Director, Executive Director, and the policy council each month.
14. A copy of volunteer hours is submitted to centers monthly by the financial assistant.
15. Space used for Non-Federal/In-Kind contributions will be appraised by a licensed appraiser and valued at a reasonable rate.
16. The financial assistant is responsible for insuring that the NFS/in-kind charged to the grant is allowable, the valuation is fair and reasonable, the

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value of items agree with the approved budget, the NFS/in-kind is charged to the appropriate budget period, and items acquired with project funds in previous years are not counted as part of the NFS contribution in a subsequent budget period. Accounting records for all NFS/in-kind shares will be supported by proper source documents indicating the receipt and valuation of the NFS share.

The rates established for valuation are as follows:  
(These amounts have been approved by the Policy Council)

Policy Council	\$36.95 Per Hr.
Volunteer	\$16.33 Per Hr.

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## **XIV. Book of Original Entry**

1. The program utilizes the Business Works accounting program.
2. The Financial Manager updates receipts and disbursements.
3. The program uses accrual reporting systems for funds.
4. Adequate and proper documentation is maintained to support ALL journal and ledger entries.
5. At the end of each month, the Financial Manager will ensure that all information is updated in the computer and manual general ledger. Reports are generated monthly by the Financial Manager.
6. Expense accounts in the general ledger will correspond to the budget in most instances.
7. The Financial Manager will prepare and submit a financial report to: the Director, Executive Director, Policy Council, financial assistant, managers, and center staff each month.
8. The monthly financial report includes month-to-date and year-to-date actual expense information. Financial reports are kept on file and maintained by the Financial Manager.
9. The Financial Manager prepares a monthly total report each month and submits the report to the Deputy Treasurer. This report is a reconciliation of expenditures for each month and will balance with the Treasurer's office.
10. The Financial Manager will notify the Director about financial problems that may arise.
11. The Financial Manager and financial assistant meet regularly to discuss account balances. If there are any concerns, the matter is taken to the Director immediately.
12. The Financial Manager informs managers regularly regarding their account balances.
13. The Financial Manager prepares and submits quarterly expenditure reports to the Director, financial assistant and all managers. This report provides up-to-date balances in the line item budgets such as over spending or under spending. The report gives them a breakdown of quarterly expenses and balances. The Financial Manager keeps a copy of these reports on file.

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## **XV. Grants and Budgets**

1. The Policy Council approves all grants/budgets when funding is made available to the program and prior to submission. Approval of all grant applications/budgets shall be reflected in the Policy Council and BOS minutes.
2. The total budget will reflect the cost of carrying out the programs and services of the grant.
3. The Policy Council and BOS shall approve the Head Start grant application prior to submission.
4. The Director and fiscal personnel prepare grants/budgets and submission is made through the Head Start Enterprise System. An original and two copies are mailed to the DHHS/ACF. A copy of ALL grants/budgets is kept on file in the central office.
5. Changes, or requested changes to grants/budgets, will be approved by the Policy Council and submitted to the funding source for final approval. Request for change which requires prior grant or agency approval are submitted to the funding source for approval prior to making changes.
6. The Director and fiscal personnel will carefully review each award to ensure that all financial provisions will be complied with.
7. All original budget/grant awards are kept on file by the Financial Manager and Director.
8. All grants/budgets are signed electronically by the Chairman of the Board of Supervisors.
9. The Financial Manager will record the appropriations when funds are made available to the program.
10. Individual cost elements (e.g. salaries, supplies, etc.) for each project are identified in the grants/budgets. The staff responsible for preparing the budgets keep current with all applicable grant policies, and there is interaction with funding source staff in budget preparation on an as needed basis.
11. Director, fiscal personnel, and managers are involved in the budget process. Managers are asked for input regarding accounts when preparing budgets. The Parent Inv. /Transportation Mgr. will work up a budget for the Parent Activity fund each year.
12. The Family Service/Nutrition Mgr. works with the Financial Manager on the USDA budget.
13. Managers submit any changes they may want or need to their line item accounts to the Financial Manager. Additions are made to accounts if the funds are available and the need is justifiable.

## Financial Manual

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14. Changes or amendments to budgets shall be approved by the Executive Director and the Policy Council. This will also have Regional Office approval when necessary.



## **XVI. Reports**

### **Monthly Cost Reports**

1. The Financial Manager prepares a monthly financial report and submits it to: the Director, Executive Director, Managers, center staff, and the Policy Council. These reports will be provided on a timely basis to aid in the administration of the program to keep expenses within the budget, to accommodate feedback from users of the information, and to segregate cost. These reports are prepared monthly using the general ledger.
2. The Financial Manager prepares quarterly and semi-yearly reports for the Director, financial assistant, and managers regarding account balances. This is to ensure accuracy of the balances of each line item.
3. A copy of the monthly financial report is kept on file by the Financial Manager.
4. The monthly financial report is sent via email to ALL employees having an up-to-date email account.
5. A monthly totals report is submitted to the Treasurer's office each month. This report ensures that the bookkeeper in the Treasurer's office and the Financial Manager balance each month on monthly expenses. (this also includes tax deposits made).

### **Reports to Funding Sources**

1. The Financial Manager will prepare quarterly and end of the year reports to the funding sources. (FFR's and SF 425 reports)
2. The Financial Manager will review FFR reports and certify them before submission. This report is submitted through the Payment Management System. The Director is notified of any problems with the report and is made aware of submission.
3. The Financial Manager will process SF 425 reports and the Director will sign before submission. This report is mailed to DHHS to the attention of the Grant's Officer.
4. The Financial Manager will maintain a copy of each report submitted to the funding source and maintain an up-to-date record of report due dates.
5. It is the responsibility of the Director and Financial Manager to ensure that all reports are submitted on time.

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## Payroll Quarterly Reports

1. There are three (3) payroll quarterly reports. These reports are processed and submitted by the Financial Manager.
  - a. 941 – Report – This report is processed using payroll registers for the current quarter. The Director approves this report each month before submission. The Financial Manager then submits this report to the IRS and maintains a copy of the report along with source documents used in the preparation of the report.
  - b. Virginia Supplemental Report – This report is processed using reports from the Business Work’s payroll module. This report is processed, certified and submitted electronically by the Financial Manager. A copy of the report along with source documents used to prepare the report is maintained on file by the Financial Manager.
  - c. Virginia Employment Report – This report is processed using reports from the Business Work’s payroll module. This report is processed by the Financial Manager and approved by the Director before submission to the Virginia Department of Taxation. A copy of the report along with source documents used to prepare this report is maintained on file by the Financial Manager. This report can be processed and submitted electronically to the VEC.
  - d. The Director is made aware of submission of any/all reports.

## Report Due Dates

Due Dates:

Federal Grant (Refunding)	09/01
SF 425 (semi-quarterly)	07/30
	01/30
	04/30 (Final)

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FFR (quarterly)	04/30
	07/30
	10/30
	01/30
Payroll (quarterly)	04/30
	07/31
	10/31
	01/31

### **XII. Occupancy Cost**

1. BCHS will maintain documentation for any facility rented by a program to verify the charges are allowable and reasonable.
2. BCHS will ensure that values are calculated appropriately for occupancy costs used as NFS share. If BCHS does not own the building and rental costs are contributed, the values are reasonable, and if depreciation or use allowance was used, charges are based upon actual cost or reasonable value at the time the building was donated.
3. Knowledgeable persons review all contracts/agreements to determine if they are legally sound and in the best interest of the program. This is usually done, if necessary, by the county attorney.
4. If renovations are included in a grant proposal, such renovations are appropriate and charged in accordance with the cost principles and/ or appropriate guidance.

## **XIII. Other**

### **Minutes of Meetings**

1. Adequate minutes of all meetings of the Governance Board with Director will be prepared and maintained by the Director.
2. Adequate minutes of all meetings of the Executive Director with the Head Start Managerial Staff will be prepared and maintained by the HR Manager.
3. Minutes of Policy Council meetings will be prepared and maintained by the Parent Involvement Manager. A copy of these minutes is distributed as follows:
  - a. A copy is maintained in the central office.
  - b. A copy is submitted to the Executive Director.
  - c. A copy is given to policy council members at the monthly meeting.
4. Minutes are taken and maintained on file by the Financial Manager of Director/Manager meetings.
5. Minutes are taken and maintained on file of ALL staff trainings by the Financial Manager. A copy of these minutes is distributed as follows:
  - a. Copy kept on file by Financial Manager.
  - b. Copy given to Director.
  - c. Copy given to Education Manager.
  - d. Copy given to all center staff.
  - e. An email is sent to all staff having an up-to-date email account with an attachment of the minutes for their records.

### **Program Income**

1. Non-program related income and donations will be accounted for separately.

### **Accounts Receivable**

1. All accounts receivable will be recorded and collected on a timely basis.
2. Documentation and proper source documents will be maintained for accounts receivable.
3. All receivables will be recorded into the general ledger monthly.

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## **Confirmation Letters/Telephone Polls**

1. A letter confirming telephone conversations will be written to the funding source in all cases where telephone approval is received from the funding source. A copy of will be maintained on file in the central office by the Director.
2. Any phone polls taken about Policy Council approval will be written up and submitted to the funding source. A copy will be kept on file in the central office by the Director.

## **Administrative Cost**

1. The financial personnel are responsible for recording and maintaining accurate records pertaining to administrative cost. Administrative cost shall not exceed 15% of the total budgeted amount.
2. A tracking system is put in place to track monthly administrative expenses.
3. The financial assistant is responsible for maintaining up-to-date monthly administrative cost using monthly invoices.
4. The Financial Manager documents the administrative cost regarding salaries and fringe benefits.
5. The Financial Manager prepares an administrative report at the end of the FY to submit with the final SF 425 report each year.

## **COLA Funding**

1. Cola funds are distributed among employees in compliance with the terms written up in the budget.
2. All employees will receive at least the percentage of COLA awarded but may receive a higher percentage if funds are available.
3. Salary scales are up-dated using the percentage of COLA when awarded.

## **Annual Report**

1. BCHS will produce an annual report to share information about the program with the public as well as funders.
2. The Director is responsible for the Annual Report. A copy of the report is submitted to each center, the policy council, the Executive Director, the grantee board and one is kept on file in the central office.
3. The annual report will be made available on the agency web site.
4. The annual report shall include, but not limited to:

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Total amount of public and private funds received and the amount from each source;

Explanation of budgetary expenditures and proposed budget for the fiscal year;

Total number of children and families served, average monthly enrollment, and percentage of eligible children served;

Results of the most recent financial audit;

Percentage of enrolled children who received medical and dental exams;

Information regarding parent involvement within the program;

School readiness goals;

Other information

### **Record Retention and Document Destruction**

1. All records regarding children, families, financial, health, etc. is kept for a period of three (3) years after the filing of the final SF 425 report.
2. All board minutes, payroll registers, W2s, grant awards, grants/budgets, bids/quotes, purchases of facilities, personnel records etc. are kept forever.
3. After the three (3) year retention period and reviews have passed, shredding destroys records. This is only after they have been retained the proper amount of time.
4. All records shredded **MUST** be recorded and kept on file listing the date shredded and the file name.

### **Security**

1. Blank checks are locked in a fire proof safe in the fiscal record room. The door to the fiscal record room remains locked. Only authorized personnel have access to this room.
2. Passwords are maintained confidential on all systems. Passwords are changed regularly to safeguard security.
3. Fiscal personnel keep their office doors locked when the office is not occupied. All fiscal records are maintained in locked cabinets marked confidential.
4. Authorized personnel have keys to the main doors. The code to the back door is only given to authorized personnel.
5. The network room remains locked always with only authorized personnel having access to the key.

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### Miscellaneous

1. Inter fund loans are prohibited.
2. Audit deficiencies are addressed and corrective actions implemented as deemed appropriate. Appropriate measurements are taken to correct any/all deficiencies.
3. BCHS does not encourage the use of agency credit cards. The program does not use or have credit cards. All purchases are made by using a Purchase Order or by reimbursement to staff, if approval has been granted for the purchase.
4. BCHS has established a code of conduct for employees in the award and administration of contracts which requires that officers, employees, or agents of BCHS shall not solicit nor accept gratuities, favors, or anything of monetary value from contractors or potential contractors. If it is determined that a violation has occurred, a corrective action will be taken. The corrective action may include a reprimand, demotion, discharge, or other appropriate action.
5. Late Fees – Since late fees are an unallowable charge against grants, staff responsible for providing invoices, purchase orders, etc. required to accomplish prompt payment will be held accountable. Documents should be submitted in a timely manner.
6. BCHS is reimbursed for children's meals monthly through USDA. There are funds written up in the budget to account for any charges not reimbursed for meals. BCHS does not pay for food, labor or supplies used to provide meals for the children. This service is provided through the local LEA. The Family Service/Nutrition Manager is responsible for requesting reimbursements for meals and the submission of all reports.
7. Wage comparability and studies are done every three (3) years.
8. BCHS has a web page (<http://buchanancountyonline.com/headstart.htm>). This site was established at no cost to the program and is up-dated and maintained at no cost. This is counted as NFS/In-Kind services for the program.



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The Buchanan County Head Start follows the Buchanan County Board of Supervisor's Procurement Policy as outlined on the following pages:

## § 16-1 Title; purpose; applicability.

### A.

This policy may be cited as the "Buchanan County Procurement Act of 2002," effective July 9, 2002, herein sometimes referred to as "policy."

### B.

The purpose of this policy is to provide for the fair and equitable treatment of all persons involved in public purchasing by the Board of Supervisors (hereinafter "County"), to maximize the purchasing value of public funds in procurement and to provide safeguards for maintaining a procurement policy of quality and integrity.

### C.

This policy applies to contracts for the procurement of goods, services, insurance, and construction entered into by the County involving every expenditure for public purchasing irrespective of its source except those procurement contracts entered into with other political subdivisions of the United States of America, the Commonwealth of Virginia or Buchanan County.

### D.

The provisions herein shall not apply to those contracts entered into prior to the adoption of this policy, which shall continue to be governed by the laws in effect at the time such contracts were executed.

### E.

To the extent that amendments to the Virginia Public Procurement Act ("Act") render any of the provisions of this policy unlawful, this policy shall be considered to be automatically amended, without action by the County, to bring the offending sections into compliance with the Act.

## § 16-2 Definitions. [1]

The following words, terms and phrases, when used in this policy, shall have the meaning ascribed to them in this section, except where the contract clearly indicates a different meaning:

### BUSINESS

Any corporation, limited-liability company, general or limited partnership, individual, sole proprietorship, joint stock company, joint venture or any other nongovernmental legal entity.

### CHANGE ORDER

A written order signed and unilaterally issued on behalf of the County directing the contractor to make changes which the contract authorizes the purchasing agent to order without the consent of the contractor.

### COMMONWEALTH

The Commonwealth of Virginia.

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## COMPETITIVE NEGOTIATION

A method of contractor selection which involves individual discussions between the County's designated agent and the offeror in response to the County's request for proposals.

## COMPETITIVE SEALED BIDDING

### A.

A method of contractor selection which includes the following elements:

#### (1)

Issuance of a written invitation to bid containing or incorporating by reference the specifications and contractual terms and conditions applicable to the procurement; unless the County has provided for prequalification of bidders, the invitation to bid shall include a statement of any requisite qualifications of potential contractors. When it is impractical to prepare initially a purchase description to support an award based on prices, an invitation to bid may be issued requesting the submission of unpriced offers to be followed by an invitation to bid limited to those bidders whose offers have been qualified under the criteria set forth in the first solicitation.

#### (2)

Public notice of the invitation to bid at least 10 days prior to the date set for receipt of bids by posting in a designated public area, or publication in a newspaper of general circulation, or both. Public notice may also be published on the Department of General Services' central electronic procurement web site and other appropriate web sites. Effective July 1, 2002, posting by state agencies, departments and institutions on the public Internet procurement web site designated by the Department of General Services shall be required.

#### (3)

Public opening and announcement of all bids received.

#### (4)

Evaluation of bids based upon the requirements set forth in the invitation.

#### (5)

Award to the lowest responsive and responsible bidder.

### B.

Competitive sealed bidding shall not be required for procurement of professional services.

## CONFIDENTIAL INFORMATION

Any information which is available to a County employee only because of his/her status as an employee and is not a matter of public knowledge or available to the public upon request.

## CONSTRUCTION

Building, altering, repairing, improving or demolishing any structure, building or highway, and any draining, dredging, excavation, grading or similar work on real property.

## CONSTRUCTION MANAGEMENT CONTRACT

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A contract in which a party is retained by the owner to coordinate and administer contracts for construction services for the benefit of the owner, and may also include, if provided in the contract, the furnishing of construction services to the owner.

## COUNTY

The County of Buchanan, Virginia, by its Board of Supervisors and/or any agency, department, board, commission or like entity. Unless otherwise noted herein an act of the County shall mean an act of the Board of Supervisors.

## DIRECT OR INDIRECT PARTICIPATION

Involvement, through decision, approval, disapproval, recommendation or preparation of any part of a purchase request, influencing the content of any specification or procurement standard, rendering advice, investigation or auditing, or in any other advisory capacity.

## DISADVANTAGED BUSINESS

A small business which is owned or controlled by a majority of persons, not limited to members of minority groups, who have been deprived of the opportunity to develop and maintain a competitive position in the economy because of social disadvantages.

## EMPLOYEE

An individual drawing a salary or wages from the County, whether elected or not; any noncompensated individual performing personal services for the County; and any noncompensated individual serving as an elected official of the County.

## INFORMALITY

A minor defect or variation of a bid proposal from the exact requirements of the invitation to bid, or the request for proposal, which does not affect the price, quality, quantity or delivery schedule for the goods, services or construction being procured.

## INSURANCE

A contract whereby, for a stipulated consideration, one person undertakes to compensate the other for loss on a specified subject for specified perils.

## INVITATION FOR BIDS

All documents, whether attached or incorporated by reference, utilized for soliciting sealed bids.

## NONPROFESSIONAL SERVICES

Any service not specifically identified as professional services in the definition of professional services.

## PERSON

Any business, individual, union, committee, club, other organization or group of individuals.

## PROCUREMENT COMMITTEE

A committee appointed by the County and comprised of one member of the Board of Supervisors, the County Administrator and an individual possessing skill and/or experience in the proposed procurement.

## PROFESSIONAL SERVICES

Any work performed by an independent contractor within the scope of the practice of accounting, actuarial services, architecture, land surveying, landscape architecture, law, dentistry, medicine, optometry, pharmacy or professional engineering.

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## PUBLIC BODY

Any legislative, executive or judicial body, agency, office, department, authority, post, commission, committee, institution, board or political subdivision created by law to exercise some sovereign power or to perform some governmental duty, and empowered by law to undertake the activities described in this policy.

## PURCHASING AGENT

The purchasing official for the County or Ms/her lawfully appointed designee. The County Administrator shall act as the purchasing agent unless otherwise directed by the County.

## RESPONSIBLE BIDDER OR OFFEROR

A person who has the capability in all respects, to perform fully the contract requirements and the moral and business integrity and reliability which will assure good faith performance, and who has been prequalified, if required.

## RESPONSIVE BIDDER

A person who has submitted a bid which conforms in all substantive respects to the invitation to bid.

## SERVICES

Any work performed by an independent contractor wherein the service provided does not consist primarily of acquisition of equipment or materials or the rental of equipment, materials and supplies.

## SHELTERED WORKSHOP

A work-oriented rehabilitative facility with a controlled working environment and individual goals which utilizes work experience and related services for assisting the handicapped to progress toward mainstream employment.

[1]

Editor's Note: See Virginia Code § 2.2-4301.

## § 16-3 Cooperative procurement. [1]

The County may participate in, sponsor, conduct or administer a cooperative procurement agreement with one or more public bodies or agencies of the United States or the commonwealth for the purpose of combining requirements to increase efficiency or reduce administrative expense. Any public body which enters into a cooperative procurement agreement with the County that has adopted alternative policies and procedures pursuant to the Virginia Procurement Act shall comply with this policy except as otherwise noted herein.

[1]

Editor's Note: See Virginia Code § 2.2-4304.

## § 16-4 Purchasing system created; purchasing agent generally.

A.

There is hereby created a purchasing system for the County to operate under the direction and supervision of the County Administrator, who shall be the purchasing agent for the County. The

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purchasing agent may delegate the administrative purchasing responsibility to a responsible subordinate, upon written approval of the County.

### B.

The purchasing agent shall serve as the principle public purchasing official for the County and shall be responsible for the procurement of goods, services, insurance and construction in accordance with this policy, as well as the management and disposal of supplies.

### C.

In accordance with this policy, the purchasing agent shall:

#### (1)

Purchase or supervise the purchasing of all goods, services, insurance and construction needed by the County.

#### (2)

Exercise direct supervision over the County's central stores and general supervision over all inventories of goods belonging to the County.

#### (3)

Sell, trade or otherwise dispose of surplus goods belonging to the County.

#### (4)

Establish and maintain programs for specifications, development, contract administration and inspection and acceptance, in cooperation with the public agencies using the goods, services and construction.

### D.

The purchasing agent shall have the power to:

#### (1)

Purchase or contract for all goods, services, insurance and construction required by a using department, except as otherwise noted in this policy.

#### (2)

Ensure the inspection of all deliveries of goods, services or construction purchased through him to determine conformance with the order or contract.

#### (3)

Act to procure for the County the highest quality in goods, services, insurance and construction at the least expense to the County.

#### (4)

Endeavor to obtain full and open competition as reasonably possible regarding all purchases and sales.

#### (5)

Keep informed of current developments in the field of purchasing, prices, market conditions and new products.

#### (6)

Secure for the County the benefits of research done in the fields of purchasing by other governmental jurisdictions, national societies, national trade associations and private business and organizations.

#### (7)

Prepare and maintain a vendor's file containing catalogs, descriptions of commodities, prices and discounts.

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(8)

Declare vendors who default on their quotations as irresponsible bidders and disqualify them from receiving business from the County for a stated period of time, subject to written approval by the County.

(9)

Develop and maintain a current file of sources of goods, services, insurance and construction to be known as a "bidders list" to which vendors can request to be added.

(10)

Maintain an accurate listing and status of all outstanding contracts, including expiration dates, establish a list of the needs assessment of the several departments, develop a process for renewal of expiring contracts and develop a checklist to evaluate the quality of completion of all contracts.

(11)

Perform all other functions and duties, including administrative service to the procurement committee, in keeping with sound purchasing practices and such other duties as may be assigned.

## **§ 16-5 General procurement procedure.**

After receiving a request for goods, services or the like, from a using department or agency, the purchasing agent shall promptly proceed to satisfy the requirements in the most efficient manner. Where practical, standardized inventories, standardized specifications, existing contracts and the use of free and open competition should be used to satisfy these needs. This process will require proper planning by the using departments to prevent unreasonable delays or the use of unsound purchasing practices which may not be in the best interest of the County. The purchase requisition shall include specific detail, brand name or adequate specifications to ensure the procurement of the item needed.

## **§ 16-6 Vendor-County relationship.**

The relationship between the County, as purchaser, and the seller is one of mutuality. It is the responsibility of the purchasing agent to establish a relationship of mutual confidence and satisfaction between the County and its suppliers. It is, therefore, necessary that the purchasing agent be aware of all transactions that are conducted between the County and its suppliers. Departments should not be burdened with visits from suppliers. The County's time and that of suppliers will be saved if the following procedures are observed:

A.

All vendors' representatives shall follow procedures established by the purchasing agent when it is necessary to contact other departments.

B.

When necessary for the departments to correspond with vendors on some technical matter, copies of that correspondence should be sent to the purchasing agent.

## **§ 16-7 Availability of funds as prerequisite to purchase.**

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### A.

The purchasing agent shall refuse to issue any purchase order until there has been certification that there is to the credit of the requesting department a sufficient unencumbered appropriated balance, in excess of all unpaid obligations, to defray the amount of such order.

### B.

Before any purchase is made, the purchasing agent shall determine the availability of sufficient funds to cover the purchase. If funds are unavailable, the department head shall be responsible for initiating the request for funds.

### **§ 16-8 Formulation of specifications.**

It shall be the purchasing agent's responsibility to formulate, in conjunction with the user department, nonrestrictive specifications to ensure quality levels equal to the intended use of an item.

### **§ 16-9 Nondiscrimination provisions required in certain contracts. [1]**

Every contract of over \$10,000 shall include the following provisions:

#### A.

During the performance of this contract, the contractor agrees as follows:

#### (1)

The contractor will not discriminate against any employee or applicant for employment because of age, race, religion, color, sex, national origin, disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

#### (2)

The contractor, in all solicitations or advertisements for employees placed by or on behalf of the contractor, will state that such contractor is an equal opportunity employer.

#### (3)

Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

#### B.

The contractor will include the provisions of the foregoing Subsection A(1), (2) and (3) in every subcontract or purchase order of over \$10,000 so that the provisions will be binding upon each subcontractor or vendor.

#### [1]

Editor's Note: See Virginia Code § 2.2-4311.

### **§ 16-10 Contract pricing arrangements. [1]**

#### A.

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Except as prohibited herein, public contracts may be awarded on a fixed price or cost reimbursement basis, or on any other basis that is not prohibited.

B.

Subject to the limitations of this section, any type of contract which is appropriate to the procurement and which will promote the best interests of the County may be used; provided that the use of a cost-plus-a-percentage-of-cost contract or a cost-plus-a-percentage-of-construction-cost contract are prohibited. A cost reimbursement contract may be used only when a determination is made in writing that such is likely to be less costly to the County than any other type or that it is impracticable to obtain the supply, service or construction item required except under such a contract.

[1]

Editor's Note: See Virginia Code § 2.2-4331.

### § 16-11 Multiterm contracts.

Unless otherwise provided by law, a contract for goods, services or insurance may be entered into for any period of time deemed to be in the best interests of the County, provided the term of the contract and conditions of renewal or extension, if any, are included in the solicitation and funds are available for the first fiscal period at the time of contracting. Payment and performance obligations for succeeding fiscal periods shall be subject to the availability and appropriation of funds. When funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal period, the contract shall be canceled without liability to the County.

### § 16-12 Progress payments and retainage on construction contracts. [1]

A.

In any public contract for construction which provides for progress payments in installments based upon an estimated percentage of completion, the contractor shall be paid at least 95% of the earned sum when payment is due, with not more than 5% being retained to ensure faithful performance of the contract. All amounts withheld may be included in the final payment.

B.

Any subcontract for a public project which provides for similar progress payments shall be subject to the same limitations.

[1]

Editor's Note: See Virginia Code § 2.2-4333.

### § 16-13 Modification of contracts. [1]

A.

A public contract may include provisions for modification of the contract during performance, but no fixed-price contract may be increased by more than 25% of the amount of the contract or \$50,000, whichever is greater, without the advance written approval of the County.

B.



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The County may extend the term of an existing contract for services to allow completion of any work undertaken but not completed during the original term of the contract.

[\[1\]](#)

Editor's Note: See Virginia Code § 2.2.4309.

### **§ 16-14 Performance and payment bonds generally. [1]**

Road construction contracts are governed by separate terms and administered by the County Engineer's office.

[A.](#)

Upon the award of any public construction contract exceeding \$100,000 to any prime contractor, such contractor shall furnish to the County the following bonds:

[\(1\)](#)

A performance bond in the sum of the contract amount conditioned upon the faithful performance of the contract in strict conformity with the plans, specifications and conditions of the contract.

[\(2\)](#)

A payment bond in the sum of the contract amount. Such bond shall be for the protection of claimants who have and fulfill contracts to supply labor or materials to the prime contractor to whom the contract was awarded, or to any subcontractors, in the furtherance of the work provided for in such contract, and shall be conditioned upon the prompt payment for all such material furnished or labor supplied or performed in the prosecution of the work. Labor or materials shall include public utility services and reasonable rentals of equipment, but only for periods when the equipment rented is actually used at the site.

[B.](#)

Each bond required by this section shall be executed by one or more surety companies selected by the contractor, which surety or sureties are legally authorized to do business in the commonwealth.

[C.](#)

Bonds required by this section shall be made payable to the Board of Supervisors of Buchanan County, Virginia, and shall be filed with the Board or an office or official designated by the Board.

[D.](#)

Nothing in this section shall preclude the purchasing agent from requiring payment or performance bonds for contracts other than those specified in Subsection [A](#) above, in amounts to be determined by the purchasing agent and specified in the invitation to bid.

[E.](#)

Nothing in this section shall preclude such a contractor from requiring each subcontractor to furnish a payment bond with surety thereon in the sum of the full amount of the contract with such subcontractor conditioned upon the payment to all persons who have and fulfill contracts which are directly with the subcontractor for performing labor and furnishing materials in the prosecution of the work provided for in the subcontract.

[F.](#)

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In lieu of a performance or payment bond required by or under this section, a contractor may furnish a certified check or cash escrow in the face amount required for the bond, or upon approval by the County Attorney, a personal bond, property bond or bank or savings institution's irrevocable letter of credit.

[\[1\]](#)

Editor's Note: See Virginia Code §§ 2.2-4337 and 2.2-4338.

### **[§ 16-15 Action on performance bonds. \[1\]](#)**

No action against the surety on a performance bond given pursuant to § [16-14](#) shall be brought, unless within one year after:

[A.](#)

Completion of the contract, including the expiration of all warranties and guarantees; or

[B.](#)

Discovery of the defect or breach of warranty, if the action be for such.

[\[1\]](#)

Editor's Note: See Virginia Code § 2.2-4340.

### **[§ 16-16 Action on payment bonds. \[1\]](#)**

[A.](#)

Subject to the provisions of Subsection [B](#) hereof, any claimant who has performed labor or furnished materials in accordance with the contract for which a payment bond has been given pursuant to § [16-15](#) and who has not been paid in full therefor before the expiration of 90 days after the day on which such claimant performed the last of such labor or furnished the last of such materials for which he claims payment may bring an action on such payment bond to recover any amount due him for such labor or material, and may prosecute such action to final judgment and have execution on the judgment.

[B.](#)

Any claimant who has a direct contractual relationship with any subcontractor from whom the contractor has not required a subcontractor payment bond but has no contractual relationship, express or implied, with such contractor may bring an action on the contractor's payment bond only if he has given written notice to such contractor within 180 days from the day on which the claimant performed the last of the labor or furnished the last of the materials for which he claims payment, stating with substantial accuracy the amount claimed and the name of the person for whom the work was performed or to whom the material was furnished. Any claimant who has a direct contractual relationship with a subcontractor from whom the contractor has required a subcontractor payment bond, but who has no contractual relationship, express or implied, with such contractor may bring an action on the subcontractor's payment bond. Notice to the contractor shall be served by registered or certified mail, postage prepaid, in an envelope addressed to such contractor at any place where his office is regularly maintained for the transaction of business. Claims for sums withheld as retainages with respect to labor performed or materials furnished shall not be subject to the time limitations stated in this subsection.

[C.](#)

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Any action on a payment bond must be brought within one year after the day on which the person bringing such action last performed labor or last furnished or supplied materials.

D.

Any waiver of the right to sue on the payment bond required by this section shall be void unless it is in writing, signed by the person whose right is waived and executed after such person has performed labor or furnished material in accordance with the contract document.

[1]

Editor's Note: See Virginia Code § 2.2-4341.

### § 16-17 Unauthorized purchases.

Except as otherwise provided in this policy, no County official, elected or appointed, or County employee shall purchase or contract for any goods, services, insurance or construction within the purview of this policy, other than by and through the purchasing system, and any purchase order or contract made contrary to the provisions of this section is void and the County shall not be bound thereby.

### § 16-18 Public access to procurement information. [1]

A.

Except as otherwise provided herein, all proceedings, records, contracts and other public records relating to procurement transactions shall be open to the inspection of any citizen or any interested person, in accordance with the Virginia Freedom of Information Act. Cost estimates relating to a proposed transaction prepared by or for the County shall not be open to public inspection. Any bidder or offeror, upon request, shall be afforded the opportunity to inspect bid and proposal records within a reasonable time after the opening of all bids but prior to award, except in the event that the County decides not to accept any of the bids and to reopen the contract. Otherwise, bid and proposal records shall be open to public inspection only after award of the contract.

B.

Any inspection of procurement transaction records under this section shall be subject to reasonable restrictions to ensure the security and integrity of the records. Trade secrets or proprietary information submitted by a bidder, offeror or contractor in connection with a procurement transaction shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the bidder, offeror or contractor must invoke the protections of this provision prior to or upon submission of the data or other materials, and must identify the data or other materials to be protected and state the reasons why protection is necessary.

[1]

Editor's Note: See Virginia Code §§ 2.2-4342 and 2.2-3700 et seq.

### § 16-19 Disposal of surplus property.

A.

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All using departments shall submit to the purchasing agent, at such time and in such form as he shall prescribe, reports showing stocks of all supplies which are no longer used or which have become obsolete, worn out or scrapped.

B.

The purchasing agent shall have the authority to transfer surplus stock to other using agencies, provided the receiving agency is tax exempt within the meaning of Internal Revenue Code Section 501(c)(3) or other relevant sections.

C.

The purchasing agent shall have the authority to sell all supplies which have been unsuitable for public use or to exchange the same for, or trade in the same on, new supplies.

D.

All sales of property pursuant to this section shall be sold on the basis of competitive bids, wherever feasible, to obtain the highest price and to insure the County receives compensation substantially equal to the fair market value of the item sold. The purchasing agent may require sealed bids, in his discretion.

### § 16-20 Recycled paper and paper products. [1]

A.

"Recycled paper and paper products" means any paper product meeting the EPA Recommended Content Standards as defined in 40 CFR Part 250.

B.

B In determining the award of any contract for paper or paper products to be purchased for use by any division, department or agency of the County, the purchasing agent for the County shall use competitive sealed bidding and shall award the contract to the lowest responsible bidder offering recycled paper or paper products of a quality suitable for the purpose intended, so long as the bid price is not more than 10% greater than the bid price of the lowest responsive and responsible bidder offering a product that does not qualify as recycled paper and paper products under this section.

[1]

Editor's Note: See Virginia Code § 2.2-4326.

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**[§ 16-43 Definition. \[1\]](#)**

[Amended 12-8-2008; 6-8-2010; 5-7-2012; 7-13-2015]

For the purpose of this article, "small purchases" shall be defined as purchases of goods, services, equipment, insurance, non-transportation construction or other items needed in the day-to-day operations of the County, the monetary value of which does not exceed \$50,000 and for contracts for single-user microcomputers and related peripheral equipment and services not expected to exceed \$50,000. Small purchase procurement procedures shall apply for the procurement of professional services for single or term contracts if the aggregate or the sum of all phases of such contracts is not expected to exceed \$50,000. However, use of small purchase procurement procedures for professional services is optional and the County at the discretion of the purchasing agent may issue an RFP using competitive negotiations for the procurement of

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professional services contracts anticipated to be less than \$50,000. Small purchase of non-transportation construction shall not waive compliance with the Uniform State Building Code.

[\[1\]](#)

Editor's Note: See Virginia Code § 2.2-4303.

### **§ 16-44 Exemptions.**

[Amended 12-8-2008; 6-8-2010; 7-13-2015]

The following items and services are excluded from the small purchases provisions of this article:

[A.](#)

Purchase of real property.

[B.](#)

Travel and training expenses.

[C.](#)

Insurance.

[D.](#)

Personnel services (anyone to whom a salary or fee is paid).

[E.](#)

Fringe benefits.

[F.](#)

Transportation related construction, including all road and bridge work.

### **§ 16-45 Compliance with procedures; contracts not to be artificially divided so as to constitute small purchase [1]**

[Amended 12-8-2008; 6-8-2010; 7-13-2015]

Any contract not exceeding \$50,000 may be made in accordance with small purchase procedures; provided, however, that contract requirements shall not be artificially divided so as to constitute a small purchase under this article; and provided further that all procurements exceeding \$50,000 shall require specific awards by the governing body as made and provided by law.

[\[1\]](#)

Editor's Note: See Virginia Code § 2.2-4303.

### **§ 16-46 Procedure generally.**

[Amended 12-8-2008; 6-8-2010]

Subject to the provisions of this article, the purchasing agent is authorized to develop, implement and revise, as needed, a small purchase procedure, which will ensure that the principle of competitive pricing is established and maintained and which shall also contain provisions for maintaining the confidentiality of legitimate trade secrets. Such procedure shall be reviewed and approved by the County at any time, but at least on an annual basis.

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### **§ 16-47 Purchases of less than \$2,500.**

[Amended 12-8-2008; 6-8-2010; 5-7-2012]

#### **A.**

This section shall apply to purchases of less than \$2,500.

#### **B.**

A using department or agency may make purchases by utilization of a blanket order system to be developed and distributed by the purchasing agent. The purchasing agent has the authority to make purchases from vendors of choice so long as the purchase price does not exceed \$2,500. Contact requirements shall not be artificially divided so as to come within the provisions of this section.

### **§ 16-48 Purchases between \$2,500 and \$10,000.**

[Amended 12-8-2008; 6-8-2010]

#### **A.**

This section shall apply to purchases between \$2,500 and \$10,000 in value and for the procurement of professional services of less than \$10,000. The purchasing agent may administratively make purchases of up to \$10,000 upon prior standing authorization from the County.

#### **B.**

After receipt of a purchase requisition from the using department or agency, at least three telephone quotations shall be obtained, whenever possible, for the purchase. A telephone quotation form shall be completed listing date, item, description, quantity, name of company, individual giving quote, pricing, term, and delivery schedule. In the event three quotations are not obtained the reasons shall be documented. The total of all items purchased from this requisition shall not exceed \$10,000.

### **§ 16-49 Purchases between \$10,000 and \$25,000.**

[Amended 12-8-2008; 6-8-2010]

#### **A.**

This section shall apply to purchases between \$10,000 and \$25,000 in value. The purchasing agent may administratively purchase up to \$25,000 upon prior standing authorization from the County.

#### **B.**

Purchases shall be accomplished through the use of at least three letter quotations, whenever possible. A letter quotation is a written request sent to at least three vendors with a specified reply date and time. This is the most desirable method of acquiring necessary items and should be used when proper planning allows sufficient time. In the event three vendors are not obtained, the reasons therefor shall be documented.

#### **C.**

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The use of letter quotations requires adequate time for preparation, mailing, receipt and award, generally two or three weeks from receipt of the requisition. All quotations received after the reply date and time are nonresponsive and cannot be considered.

D.

Requests for letter quotations are issued by the purchasing agent. To initiate the letter quotations, the user department should submit a completed requisition to the purchasing agent, including a list of possible vendors, if available.

**§ 16-50 Purchases between \$25,000 and \$50,000.**

[Amended 12-8-2008; 6-8-2010]

A.

This section shall apply to purchases between \$25,000 and \$50,000 in value. The purchasing agent may administratively purchase up to \$50,000 upon prior standing authorization from the County.

B.

Purchases shall be accomplished through the use of at least five letter quotations, whenever possible. A letter quotation is a written request sent to at least five vendors with a specified reply date and time. This is the most desirable method of acquiring necessary items and should be used when proper planning allows sufficient time.

C.

The use of letter quotations requires adequate time for preparation, mailing, receipt and award, generally two or three weeks from receipt of the requisition. All quotations received after the reply date and time are nonresponsive and cannot be considered.

D.

Requests for letter quotations are issued by the purchasing agent. To initiate the letter quotations, the user department should submit a completed requisition to the purchasing agent, including a list of possible vendors, if available.

**§ 16-51 Emergency small purchases.**

A.

For the purposes of this section, an emergency shall be deemed to exist when a break-down in machinery or equipment or a threatened termination of essential services or a dangerous condition develops, or when any unforeseen circumstances arise causing curtailment or diminution of an essential service, or where materials or services are needed to protect the health of citizens, prevent the loss of life or the loss of property.

[Amended 2-9-2015]

B.

In the event that the purchasing agent or his delegee or the County Attorney is not available, a using department or member of the Board of Supervisors may make an emergency small purchase without complying with this article. Any department or member of the Board of Supervisors which makes such an emergency purchase shall inform the purchasing agent, in writing, of the circumstances surrounding the purchase, within one work day of the occurrence.



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[Amended 2-9-2015]

C.

Abuse of the provisions of this section shall be reported to the purchasing agent and the County.

### **§ 16-52 Alternative procedures.**

When, in the judgment of the purchasing agent, it is in the best interest of the County to use purchasing procedures other than those specified in §§ [16-48](#), [16-49](#) and [16-50](#), he may prescribe, after consultation with the County Attorney and approval by the County, suitable purchasing procedures. The rationale for such decision shall be documented and put on file in the purchasing agent's office.

### **§ 16-53 Confidentiality of information prior to award.**

Until an award is made under this article, the names of bidders, whether by phone, letter or sealed bid, are confidential, as are the prices quoted. Once an award is made, the information is open to public inspection, as provided in § [16-18](#) of this policy.

