

SAMPLE CDC POLICIES AND PROCEDURES MANUAL

INTRODUCTION

The attached sample CDC Policies and Procedures Manual was developed by LISC to assist community development corporations (CDCs) in their administration of federal funds. The manual, which includes sample personnel, accounting, financial management, procurement, and records management policies, has two distinct purposes:

1. To provide emerging CDCs with sample policies and procedures so that they may be able to develop policies and procedures appropriate to their specific circumstances, and to provide their staff members with information regarding the type of systems that may be adopted in their administration of federal funds; and
2. To provide mature CDCs with sample policies and procedures to compare with their existing manual and assess whether adequate systems are in place particularly with respect to the administration of federal funds.

Please note that the sample policies and procedures presented in the attached manual are provided only as examples and for reference purposes only. In many instances, a CDC's existing policies and procedures manual may suffice. Prior to developing a policies and procedures manual or adopting any of the sample policies and procedures attached, LISC strongly encourages any organization to consult with its legal counsel, accounting, financial and/or human resource professionals. By doing so, this will assist the organization in developing policies and procedures that reflect its organizational philosophy and that are appropriate to their specific circumstances and that are consistent with applicable state and local laws. In addition, please remember that this is only one of many possible models that could meet the federal regulations. These are resource materials: LISC makes no legal representation concerning the adequacy of these policies and procedures or their compliance with federal, state or local laws.

**SAMPLE CDC
POLICIES AND PROCEDURES MANUAL**

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SECTION ONE: PURPOSE

The Board of Directors of _____ Community Development Corporation (“CDC”), have developed and enacted the following policies and procedures by virtue of the by-laws of the organization.

These policies and general operating procedures were enacted and are being adopted for the effective operation of _____ CDC. The day-to-day functional implementation of these policies and procedures is the responsibility of the Executive Director of CDC.

The purpose of these policies and procedures is to serve as a reference tool in making decisions involving the management and operation of _____ CDC; to establish guidelines to be followed by the Executive Director in determining employment practices; and to acquaint employees with their general employment rights, benefits and responsibilities. The manual will also provide employees with information on CDC’s policies and procedures with respect to accounting and financial management, procurement, records retention and a drug-free work environment.

Organizational policies and procedures may be amended through the Board of Directors on recommendation of the Executive Director and/or the Executive Committee. Organizational policies and procedures should be reviewed on a periodic basis by the Executive Committee to determine if any changes are necessary.

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SECTION TWO: PERSONNEL POLICIES

I. Policy on Affirmative Action

It is the policy of CDC that it will operate and conduct business without discrimination or segregation because of age, sex, race, color, religion, national origin, or handicap, except where there is a bona fide occupational qualification for the job tasks to be performed.

II. Employment

All positions not filled by internal promotion of existing employees will be advertised, and all applicants will be considered for employment in compliance with all applicable federal, state and local laws.

A. Hiring

The Board of Directors has the responsibility of hiring the Executive Director upon recommendation of the Executive Committee, which will interview and screen applicants. The Executive Director, with consultation of the Executive Committee and appropriate staff, has the responsibility of hiring all other staff.

B. Termination

The Board of Directors has the responsibility for the termination of the Executive Director upon recommendation of the Executive Committee in accordance with these policies. The Executive Director, with consultation of the Executive Committee, has the responsibility to oversee the termination of all employees in accordance with these policies.

III. Employment Status

A. Employment At Will

Employees hereby understand and acknowledge that, unless otherwise defined by applicable law, any employment relationship with CDC is of an "at-will" nature.

B. Full-time

A full-time regular employee is one who works between 33 and 40 hours per week.

C. Part-time

Part-time employees are staff members who work less than full-time in a regular job slot.

D. Consultants

Consultants are contracted for a specific scope of work and/or time period and are not employees of CDC.

IV. Work Schedule and Pay Periods

A. Work Schedule

All full-time employees typically work a 40-hour, five-day week including meal breaks. The normal office hours of the organization are Monday through Friday from 9:00 a.m. to 5:00 p.m. Employees will be paid time and one half for each hour worked beyond 40 each week or will be awarded compensatory time at a rate of one hour for every hour over forty worked during a single week.

B. Time Sheets

All employees shall be required to complete time sheets on a weekly basis. Employees whose salary is funded from multiple federal, state or local sources are required to allocate their time accordingly to the various funding sources on their time sheet.

C. Pay Period

Employees will be paid on a bi-weekly cycle. Wage changes will be made once per year after annual evaluations have been completed in conjunction with the preparation of the annual operating budget.

V. Benefits

A. Insurance Retirement

CDC provides a benefit package to all full-time employees which includes:

- (1) Individual or Family Health Insurance
- (2) Short and Long Term Disability
- (3) 403b – retirement
- (4) Life Insurance

B. Personal Sick Leave

Personal sick leave will be accumulated as follows: 5 days at one year of service, 8 days at three years of service, and 10 days at 5 years of service. Any unused sick leave will be forfeited at year's end. All accumulated sick time is also forfeited upon termination of employment for any reason.

C. Bereavement

Five working days of paid bereavement leave will be granted to employees who have a death in the immediate family. The immediate family is defined as grandparents, parents, children, spouses, domestic partners and siblings.

D. Leave of Absence

Employees may request an unpaid leave of absence that must be submitted in writing to the Executive Director. Granting of such leave is at the discretion of the Executive Director except in such cases where granting of leave is required by law, such as the Family Medical Leave Act.

E. Vacation

Vacation will be accumulated as follows: 2 weeks vacation during the first year after 6 months of employment, 3 weeks per year after five years of service, and 5 weeks per year after eight years of service. Vacation time can be taken at any time with approval of an employee's immediate supervisor. Employees may accumulate up to 30 days of vacation time. Employees will be paid for accumulated vacation time at termination of employment.

F. Disability Leave

A disability leave of absence should be requested in writing and should be submitted to an employee's immediate supervisor as soon as practical and with a doctor's recommendation and medical documentation. The

request should indicate the date on which the employee will stop work and a projected return date. CDC will hold the job, or one at the same level of any employee on disability leave for a period of up to six months.

After the employee's sick leave is exhausted, vacation and/or compensatory time may be used for continued absence.

The employee will contact their immediate supervisor as soon as possible regarding their intentions to return to work or not, following an absence due to illness. Pregnancy will be considered a temporary medical disability for purposes of this document.

A leave of absence for disability purposes will not constitute a break in tenure for purposes of calculating length of service; however, no additional sick leave or vacation time will be accumulated during the absence.

G. Military Service

Full-time, regular employees who are inducted in the Armed Forces are considered to be on leave of absence without pay and accrue only those benefits specified by law. Upon completion of military assignment, the employee is eligible for rehire in their former job or a job of similar status and pay providing the following conditions are met:

- (1) The employee must have been employed in a position other than temporary before their induction;
- (2) They must have left their job to enter military service;
- (3) They must have received certificate(s) of satisfactory completion of military service;
- (4) They must apply for re-employment within 90 calendar days of their discharge; and,
- (5) They must be able to perform the duties of their former job or a job of similar status.

Veterans will be re-employed with the same seniority, status, and pay they would have had if they had not entered military service.

H. National Guard/Reserves

Staff members who are members of the National Guard or the Reserve will be granted a leave of absence for any period or required service with their unit other than normal tour duty. All benefits will accrue during such

periods and such duty will not be considered a break in service. The employee must be reinstated in their position providing they meet all of the conditions listed under Military Service (Section G) with the following exception:

- (1) The employee must report to work at the beginning of the next regularly scheduled working period following their release from duty.

Employees who must take time off to participate in the Reserve or National Guard must submit a written request for leave to the immediate supervisor indicating the period of absence and the expected return date.

VI. Holidays

The following paid holidays will be observed:

- | | |
|--------------------------------|-------------------|
| 1) New Year's Day | 6) Labor Day |
| 2) Martin Luther King, Jr. Day | 7) Columbus Day |
| 3) President's Day | 8) Veteran's Day |
| 4) Memorial Day | 9) Thanksgiving |
| 5) Independence Day | 10) Christmas Day |

VII. Supervision and Evaluation

The Chairman of the Board of Directors is the direct supervisor of CDC's Executive Director, and in conjunction with the Executive Committee of the Board of Directors, will conduct an annual performance evaluation of the Executive Director. The Executive Director is the direct supervisor of each individual employee. Program Directors are the direct supervisors of the support staff in their program.

A. Annual Evaluation

All employees will be evaluated by their direct supervisor, using established standards of performance for their position, on an annual basis. The employee's anniversary date will be revised to be the same as the budget year, for budget and funding purposes only.

B. Initial Evaluation

The immediate supervisor or the Executive Director (see above) will perform an evaluation, three months after employment with the organization begins.

VIII. Resignation, Suspension, Termination, Reduction

A. Resignation

Employees who wish to resign from their positions will give two weeks written notice to their immediate supervisor with the reasons stated therein. If two weeks notice is not given before resignation, the employee may lose any accumulated vacation time or other benefits.

B. Suspension

An employee may be suspended by the Executive Director without pay for breach of client confidentiality, unsatisfactory job performance, and/or just cause. The Executive Committee must review the facts of the case at or before the next regularly scheduled board meeting to either confirm or reverse the suspension. The decision of the Executive Committee will be given in writing.

C. Termination

Dismissal will be for unsatisfactory job performance, violation of the Personnel Policies and Procedures, illegal acts, or any other just cause as determined by the Executive Director. Written notice of termination will be given with reasons for the action stated to the employee. Immediate termination will occur for breach of client confidentiality, theft, and/or just cause. A disciplinary conference will be held prior to termination for unsatisfactory performance. Unsatisfactory job performance includes, but is not limited to excessive absenteeism, tardiness, failure to cooperate with other employees, and unauthorized use of company property.

D. Reduction

If an employee must be terminated due to a reduction in workforce, he or she will be notified 30 calendar days prior to the event.

IX. Travel and Other Expenses

Employees will be reimbursed for travel and expenses provided the trip is pre-approved by the employee's immediate supervisor. Employees using personal automobiles for travel will be reimbursed at the current IRS approved rate. All requests for mileage reimbursement will be documented on the approved mileage reimbursement form.

X. Conflict of Interest

1. No employee will participate in activities or other employment that cause a conflict of interest with the activities of CDC. Activities or employment that create possible conflicts will be disclosed to the Executive Director in writing for review.
2. Any employee of the organization, who accepts gifts or gratuities from individuals, companies, clients, or suppliers in conjunction with their job, will be subject to disciplinary action up to and including dismissal.
3. No CDC employee is to become involved in real estate development, outside of his or her work at CDC, in any neighborhood where CDC operates a program.
4. No officer or employee may serve as an official, director, or trustee of any for-profit or non-profit enterprise without obtaining the approval of their immediate supervisor.
5. CDC encourages service with constructive and legitimate not-for-profit organizations. Participation in civic affairs is encouraged as part of our commitment to community involvement. There are cases, however, in which organizations have business relationships with the organization in which the handling of confidential information might result in a conflict of interest. An employee's immediate supervisor must be advised when a potential conflict exists.

XI. Policy Prohibiting Unlawful Harassment, Including Sexual Harassment

It is the policy of CDC that it will not tolerate verbal or physical conduct by any employee which harasses, disrupts, or interferes with another's work performance or which creates an intimidating, offensive, or hostile environment.

As an equal opportunity employer, it is CDC's policy that every applicant and employee shall enjoy a work environment free from all forms of unlawful harassment, including sexual harassment. Unwelcome verbal, physical or visual conduct involving any individual's race, color, religion, sex, sexual orientation, pregnancy, age, national origin, ancestry, citizenship, medical condition, physical disability, marital status, or military service, or any other basis protected by any federal, state or local law which impairs an employee's ability to perform their job is illegal and is strictly prohibited.

Sexual harassment is an unlawful employment practice under Title VII of the Civil Rights Act of 1964 and various state laws. The regulations of the Equal Employment Opportunity Commission define "sexual harassment" as follows:

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitutes sexual harassment when:

- (1) submission to such conduct is made either explicitly or implicitly a term or a condition of an individual's employment;
- (2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or
- (3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

Some examples of sexual harassment include, but are not limited to, the following:

- Unwelcome requests for sexual favors or dates.
- Unwelcome physical touching.
- Jokes or gestures that have a sexual content or sexual connotation.
- Posters or cartoons that have a sexual content or sexual connotation.
- Sending or forwarding written or electronic correspondence of a sexually explicit nature.
- Creating an otherwise offensive working environment or unreasonably interfering with another's ability to perform his or her job.

CDC does not condone sexual relationships between supervisors and their staff. A relationship of this type can easily be considered sexual harassment. If such a relationship develops, one of the individuals must transfer to another position in the organization.

Both as a matter of law and common decency, each employee of CDC is entitled to pursue his or her employment, free of harassment or discrimination on any of the prohibited bases enumerated above. Accordingly, unlawful harassment or discrimination against any employee of CDC will not be

tolerated. Violation of this policy may subject an employee to discipline, up to and including immediate termination.

Any employee who believes that he or she (or another employee) is the object of harassment or discrimination on any of the above-enumerated bases is strongly encouraged to follow the complaint procedure outlined below.

Any employee may initiate the complaint procedure, without fear of reprisal, by immediately reporting such complaints to the:

- the employee's immediate supervisor.
- the Director of Human Resources, if the employee feels that he or she is unable to report a complaint to his or her immediate supervisor.
- an officer of CDC, if the employee feels that he or she is unable to report a complaint to the Director of Human Resources.

CDC takes all complaints of harassment or discrimination seriously. All complaints will be investigated immediately by an impartial designee to be determined by senior management of CDC.

Any employee who believes that the actions or words of a supervisor or fellow employee or some other person(s) encountered in the workplace constitute unwelcome harassment has a responsibility to report such incident as soon as possible to the appropriate supervisor, manager or officer of CDC. Employees are encouraged to utilize the foregoing complaint procedure. No employee will be retaliated against for having opposed unlawful harassment or discrimination, or for having filed a complaint or otherwise participating in an investigation concerning a complaint.

Employees are also notified that there are governmental agencies that handle claims of unlawful discrimination and harassment. These agencies include the Equal Employment Opportunity Commission and parallel state agencies.

Each employee will be required to sign an acknowledgment of the **Policy Prohibiting Unlawful Harassment, Including Sexual Harassment** contained at the back of this manual.

XII. Personnel Files and Employment Information

All staff members have a right of access to their personnel file, with the exception of access to reference checks that were obtained in confidence. The staff member may review the folder in the presence of their immediate supervisor. It is the responsibility of the staff member to provide information to their supervisor to keep personnel folders up-to-date (e.g., current resumes, change in marital

status, name, address, telephone numbers, number of dependents, designated beneficiaries, education and training skills).

The employee's immediate supervisor is authorized to verify the following information for a prospective creditor of an employee: 1) dates of employment; 2) title; and, 3) salary. Neither the Executive Director nor any employee is authorized to provide a prospective employer of a present or former employee of the organization with any information other than dates of employment and title.

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SECTION THREE: ACCOUNTING, AUDIT AND FINANCIAL MANAGEMENT POLICIES

I. Accounting Policies

It shall be the policy of _____ CDC to create and maintain accounting, billing, and cash control policies, procedures and records which are consistent with Generally Accepted Accounting Principles (GAAP) and which meet the requirements of state and federal statutes and regulations.

_____ CDC accounting, audit, and financial management policies are designed to:

- (1) Protect and secure the assets of _____ CDC.
- (2) Ensure the maintenance of accurate records of the CDC's financial activities.
- (3) Ensure compliance with governmental and private funder reporting requirements.

A. Cash

- (1) Bank accounts are established as required by donors and funding requirements.
- (2) All checks written on _____ CDC accounts require two signatures.
- (3) Individuals generally authorized to sign checks include the President, Vice-President, and Treasurer of the Board along with the Executive Director of _____ CDC. All persons approved to sign checks will be formally approved by the CDC's Board of Directors.
- (4) The Executive Committee authorizes all bank accounts and approves all check signers. The approval of signers shall be reflected in the Board of Director's meeting minutes.
- (5) Banks are promptly notified of all changes of authorized check signers.

- (6) All checks are to be pre-numbered and accounted for by a check custodian (used, voided, not used).
- (7) Voided checks are to be properly defaced and maintained.
- (8) Bank reconciliations to the general ledger are to be done monthly and provided to the Executive Director or Treasurer at their regular meeting.

B. Petty Cash

- (1) Receipts or itemized slips are required for every disbursement. The Executive Director or his/her designee will be responsible for verification of receipts and cash.
- (2) Petty cash should be used for such things as small and odd jobs, local travel and sundry items. It is not intended for purchases that can be made with designated suppliers. Activities or needs should be planned ahead so necessary funds will be available in the petty cash account.
- (3) Whenever petty cash is used, a pre-numbered "Receipt of Petty Cash" slip must be filled out. A completed slip will include date, the amount taken and returned, the cash category and the total spent. When a staff person receives cash, he/she will sign on the "Received By" line of the petty cash log. Items purchased should also be listed on the log, unless the receipt that must always be clipped to the log lists items purchased. The Executive Director or his/her designee will sign on the "Approved By" line of the petty cash log.
- (4) The Finance Officer will be responsible for the reconciliation and replenishment of the petty cash account.

C. Cash Receipts

- (1) Someone other than the person making deposits is responsible for opening the daily mail, making a log of cash receipts, restrictively endorsing the payment, making note of any restrictions on the log entry, and account coding the receipt by receivable or revenue account.
- (2) The Executive Director prepares bank deposit slip, listing each item.

- (3) Receipts are deposited daily. The bank's stamped duplicate deposit slip is attached to the remittance documentation.
- (4) The daily deposit log and duplicate deposit slip is forwarded to the Financial Officer for verification and data entry.
- (5) Cash is deposited in the appropriate bank account based on funding restrictions.

D. Cash Disbursements

- (1) Cash disbursements are made by check (with the exception of petty cash).
- (2) The Executive Director approves all invoices for payment.
- (3) Vendor invoices are recalculated on site to ensure accuracy. This recalculation must occur prior to the preparation of a check to pay the invoice. After the recalculation is complete, the employee who performed the recalculation must initial the vendor invoice, indicating that the amount is correct and the invoice can be paid.
- (4) Checks for payment are signed only when supported by approved invoices (checks will not be processed and signed in advance of proper invoicing approval procedures).
- (5) Check signers compare data on supporting documents to checks presented for their signature.
- (6) Bank transfers are scheduled and investigated to ascertain that both sides of the transaction are recorded.
- (7) The employee responsible for mailing checks will not be responsible for recording cash disbursements. These two functions must be handled by different employees to ensure that the appropriate checks and balances are in place.
- (8) Supporting documentation is noted as paid, check number, date paid, and general ledger account code. Supporting documentation is noted as approved for payment.
- (9) Account codings for each payment are reviewed for accuracy.
- (10) CDC finance and accounting staff will ensure that all costs paid through the utilization of external funding sources are recognized as ordinary, necessary, within the budget, are arms

length transactions, and do not deviate from established practices of the organization.

A cost will be considered reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.

E. General Ledger Account Coding

- (1) All cash receipts and disbursements are account coded and reviewed by the Executive Director.
- (2) A policy will be developed that documents the rationale used to allocate shared expenses among functions, grants, and/or contracts and reviewed periodically.
- (3) Funding from multiple sources may be kept in an account with other funding; however, it must be tracked independently.

F. Revenue

- (1) Revenue is earned using the accrual basis of accounting.
- (2) Cost reimbursement grants or contracts earn revenue when the expenses are incurred (not committed).

G. Expenses

- (1) Expenses are charged directly to programs when specific identification is available.
- (2) Expenses are charged to programs based upon a shared cost rationale when the direct charge can not be established.
- (3) Expenses are prohibited to be used for any purpose that is ineligible under a funding award.
- (4) Expenditures for each grant, loan, or contract are to be recorded according to the budget categories for that particular funding source. For each funding award, CDC will maintain records that allow for a comparison of outlays with approved budget amounts.

- (5) When there are government funds involved, CDC will follow OMB A-122 cost principles.
- (6) When there are government funds involved, programs and grants will not be charged for OMB A-122 un-reimbursable items such as, but not limited to: entertainment, fundraising expenses, bad debts, fines or penalties or interest on debt.
- (7) Before CDC seeks reimbursement from a funder, it will ensure that the costs for which it is seeking reimbursement are allocable to that funder. A cost will be considered allocable to an external funding source (unless otherwise prohibited) if it is treated consistently with other costs incurred for the same purpose in like circumstances and if:
 - a. The cost is incurred specifically for the award.
 - b. The cost benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or
 - c. Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.
- (8) Any cost allocable to a particular award or other cost objective may not be shifted to other awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of any award of funds.

H. Loan Loss Reserve (Only Applicable for CDCs that Make Loans)

- (1) Periodically, the members of the Executive Committee, the Executive Director, and members of the finance and accounting department will meet to review the adequacy of the organization's loan loss reserve. Necessary adjustments will be determined and made quarterly.

I. Collection of Delinquent Accounts

- (1) CDC may utilize outside collection agencies if all past efforts to collect money due have been exhausted.
- (2) The Executive Director has discretionary authority to submit delinquent debts (over 90 days) to an outside collection agency.

J. Write-off of Delinquent Debts/Charges

- (1) Records must indicate that all efforts to obtain payment have been exhausted before the decision is made to write off any debt.
- (2) The request for approval of a write-off must include a short narrative of actions taken to collect and the rationale for the debt being considered uncollectable.
- (3) The Executive Director of _____ CDC has the discretion to approve debt write-offs of a board-authorized amount. Any amount above the board-authorized amount that is requested to be considered a write-off must be approved by the Executive Committee of the Board of Directors. Reference to this action will be included in the board packet for the next regularly scheduled Board of Directors Meeting.
- (4) The budget line item for fees and collections must be updated by means of a budget revision to reflect uncollectable fees/debts.

If collection is made of a debt previously written-off as uncollectable, it will be recognized as revenue in the current period.

II. Financial Reporting Procedures

- A. The Chief Financial Officer will be responsible for compiling monthly and year-to-date reports on all cost centers by revenue source, expense code, and asset and liability account balances.
- B. Financial reports are reconciled to the general ledger and accounting records prior to submission to the funding source.
- C. If an expenditure is different from an external funding source's approved budget, prior approval must be obtained from the funding source prior to the submission of the financial report.
- D. Monthly financial reports which analyze _____ CDC's financial position and the effectiveness of its management and programs will be presented to the Executive Committee of the Board of Directors and also reported within the board packets.
- E. Periodic reports will be provided to all funding sources as requested or required by contract.

- F. CDC's finance and accounting staff will maintain records that identify adequately the source and application of funds for all activities. These records shall contain information pertaining to awards, authorizations, obligations, assets, outlays, income and interest. Records to be maintained include copies of contracts, invoices, proof of payments and allocation tracking when costs are distributed among several funding sources.

III. Investment/Banking Policies

The CDC Board of Directors will approve the placement of assets not needed for immediate operations assuring compliance with all contractual requirements and using the principles identified below.

A. Principles:

- (1) **Minimize Risk:** The Board will define a minimum risk strategy that will be reviewed annually to ensure appropriate discharge of responsibilities to donors, lenders, and contractual relationships.
- (2) **Maximize Investment Return:** Within the parameters defined as "minimum risk", funds will be invested at the highest area interest/return available at the time of decision.
- (3) **Support Local Banks and Institutions if Economically Feasible:** "Local" is defined as having a physical presence for customer service within CDC's service area.

B. Procedures:

- (1) Each quarter, the Executive Director or his/her designee will review with the Executive Committee the projected cash needs of the corporation and the assets available for investment.
- (2) Each quarter, the Executive Committee will provide the Executive Director or his/her designee with guidance regarding investment and institutions.
- (3) The Executive Committee will designate a representative to consult with the Executive Director or his/her designee between meetings on such matters as investment period timeliness and institutional issues.

- (4) The Executive Director or his/her designee will contact local institutions as needed to determine the best rate of return for investments.
- (5) The Board of Directors will define a policy for minimizing risk annually.

C. Banking Policy

- (1) CDC will keep all funds available not already invested in a federally insured bank.
- (2) Support Local Banks if Economically Feasible: All assets kept in bank accounts will be in banks defined as local. "Local" is defined as having a physical presence for customer service within CDC's service area.

IV. Budget Principles/Procedure

Structure of the budgetary process shall evolve from the mission and by-laws of CDC with consideration given to the requirements of any of the organization's funding partners.

A. Budget Principles

- (1) The budgetary process shall comply with the organization's funding partners and in accordance with applicable state and federal laws.
- (2) The budgetary process shall comply with the guidelines and principles set forth by the Board of Directors.
- (3) Annually, each program area shall identify and develop a plan for its operation. The budgets needed to execute the plan shall be developed by appropriate personnel, with concurrence from the Executive Director.

B. Procedures:

- (1) The organization's Executive Director will prepare and submit an operating budget to the Board of Director's 30-60 days prior to the beginning of the new fiscal year and prior to submission to funding sources.

- (2) If budget submission is due to funding sources prior to 60 days before the beginning of the fiscal year, the organization's Board of Directors will review a preliminary budget and adopt it if necessary.
- (3) The approved preliminary or final operating budget will become the blueprint for the budget submission to all outside funders.
- (4) Differences in budget line items between the organization's operating budget and a funders' approved budgets will be resolved in negotiations between the Executive Director and the funding agency.

C. Adjustments in Budget/Spending Plans

- (1) Any adjustments or changes in spending policies/budget plans which vary by more than 10% from the original approved budget will be initiated by the Executive Director and submitted for approval to the Board of Directors.
- (2) These changes will be communicated in writing to funding sources as required by contractual agreements.
- (3) If proposed changes are unsatisfactory to the funder, the Executive Director will communicate this response to the Board of Directors, who may authorize:
 - a. Changing the budget/plan to one which is satisfactory to the funder, or
 - b. Entering into negotiations to develop a compromise satisfactory to the funder and the Board of Directors.
- (4) After approval of the changes by all parties, the changes will be communicated in writing to all affected management staff.

V. Audit Procedure

- A. CDC will contract for an independent audit to be performed by a Certified Public Accountant (CPA) at the conclusion of each fiscal year.
- B. The auditor(s) will complete the audit within four months of the conclusion of the fiscal year.
- C. The auditor(s) will test accounting mechanisms in accordance with generally accepted auditing standards for not-for-profit organizations and as contractually required by funding sources.

- D. If during its established fiscal year, CDC expends over \$300,000 in federal funding, it will contract for an audit that meets the requirements of OMB A-122 and A-133.
- E. A formal written report of the audit will be presented to CDC's Board of Directors and each principal funding source.

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SECTION FOUR: PROCUREMENT POLICIES

The following policies and procedures will be followed at all times when CDC is using federal funds to purchase supplies, property, equipment and services from an external source:

I. General Contract Award Management Policy

- (1) No CDC officer, employee, and/or agent will participate in the selection, award, and/or administration of any contract for equipment, materials, and supplies or consulting or professional services if a real or apparent conflict of interest would be involved. Such a conflict will arise when:
 - a. the employee, officer, or agent;
 - b. any member of his/her immediate family;
 - c. his/her partner; or
 - d. an organization which employs or is about to employ, any of the abovehas a financial or other interest in the firm or individual selected for award.
- (2) CDC's officers, employees, and/or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements.
- (3) CDC will conduct a cost or price analysis and document such analysis in the procurement files in conjunction with every procurement action.
- (4) If a contract is competitively bid, CDC will enter into a contract with the winning bidder that specifies the services to be completed and payment terms.
- (5) At a minimum, to adequately evaluate contractor, consultant, and supplier performance, CDC will evaluate each respective provider of goods and services performance at the completion of each contract. This evaluation will be utilized when making award decisions for future contracts. Evaluations may be conducted on a more frequent basis if deemed necessary.

- (6) Procurement records and files will include the basis for contractor selection, justification for the lack of competition when competitive bids or offers are not obtained, and basis for award cost of price.

II. Acquisition Policy for Goods and Services

The following procurement procedure applies to all purchases of goods and services, including equipment, materials, supplies and professional and consulting services.

Employees will conduct all procurement transactions in a manner that maximizes free and open competition. Awards should be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the recipient, price, quality and other factors considered. CDC reserves the right to reject any and all bids or offers, if deemed to be in its best interest.

CDC may select from numerous methods of procurement, depending on the amount of the purchase and other considerations. Following are a few examples of possible procurement procedures that CDC may choose to use:

- (1) **Open Market Inquiry.** The Executive Director, or other qualified individuals delegated by the Executive Director may inquire in the open market to ensure that the price and quality is the most advantageous to CDC.
- (2) **Request Competitive Oral Quotes.** The Executive Director or his/her designee may request competitive quotes orally. A file shall be kept with an abstract of invitations made and offers received.
- (3) **Request Written Quotes from at Least three Different Sources.** For purchases and contracts involving a single project or activity, the Executive Director or his/her designee may request and receive written quotations from at least three independent sources. A file shall be kept with an abstract of invitations made, offers received, and the criteria for selection.
- (4) **Request Written Competitive Responses through a Formal Request for Proposal Procedure.** For large purchases and contracts, the Executive Director or his/her designee may solicit competitive responses through a formal written request for proposal procedure. Bids will remain sealed until the opening time designated in the request for proposals. All requests for proposals shall contain the phrase "Equal Opportunity Employer".

For the largest purchases a CDC makes, after reviewing the bids received, the Executive Director or his/her designee shall make a recommendation to CDC's Board of Directors

regarding which bid to accept. A majority of the board must accept the bid via formal vote before a contract is executed for the service.

A file shall be kept with a copy of the request for proposal, a list of individuals/organizations solicited for bids, and a bid sheet that lists the bids received by individual/organization and their respective bid price. In all instances in which the lowest bid is not awarded the contract, justification documentation, such as a memo outlining the selection criteria, shall be placed in the file.

III. Property/Equipment Standards

When purchasing property (both real property and equipment), the following procedures will be followed:

- (1) Title to all property purchased with federal funds will vest with the CDC.
- (2) Property records will be kept showing the general name of the property, identification number, original cost, and depreciated value. These records will be reviewed and necessary revisions made on an annual basis at the end of CDC's fiscal year.
- (3) CDC will provide the equivalent insurance coverage for real property and equipment regardless of how the property was acquired by the organization.
- (4) Equipment purchased, with a purchase price in excess of \$5,000, with federal funds is generally considered the property of the federal government and must be disposed of through a set procedure. When disposing of equipment with an acquisition cost in excess of \$5,000, CDC will follow the respective funding program's disposal regulations.

V. Federal Debarment Standard

- A. When purchasing goods and services through the utilization of federal funding, CDC will ensure that the contract awardee is not debarred or suspended from doing business with the federal government nor delinquent in a debt to the United States as defined in OMB Circular A 1-29. Before a contract is awarded, staff from CDC will consult the Federal Government's General Services Administration ("GSA")'s "List of Parties Excluded from Federal Procurement or Non-procurement Programs".

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SECTION FIVE: RECORDS MANAGEMENT POLICY

I. Records Management Policy

To ensure that all programs operated by _____ CDC are properly managed and reported on, _____ CDC will establish and monitor a comprehensive records management policy.

- A. To ensure that pertinent records are properly managed, _____ CDC will implement a file maintenance and disposition plan for each project/funding source when that project becomes inactive/closes-out. When a project is closed a file maintenance and disposition plan form will be filled out and filed for the project. The form includes, but is not limited to, the date the project began, the date the project ended, amount of contract, name and signature, a contact number for project's manager, a description of the files within the storage case and their filing arrangement, and disposition instructions. Once the "File Maintenance and Disposition Plan" form has been completed, it will be filed and the storage box sent to _____ CDC's off-site storage facility.

- B. Financial records, supporting documents, statistical records, and all other records pertinent to an award of funding from an external source shall be retained for a period of three years from the date of the submission of the final expenditure report. If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims, or audit findings have been resolved and final action taken.

- C. Records for real property and equipment acquired with federal funds must be retained for three years after final disposition of said property.

BUSINESS RECORD RETENTION SCHEDULE

ACCOUNTING AND FISCAL	TERM	CORPORATE	TERM
Accounts Payable Records	3	Certificate of Incorporation	P
Accounts Receivable Records	3	Charter	P
Audit Reports	P	Annual Reports	P
Audit Reports Internal	3	Contracts (After Expiration)	3
Bank Statements and Reconciliation	3	Copyrights	P
Canceled Checks	3	Correspondence (General)	3
Check Registers	3	Correspondence (Legal)	P
Cash Receipts Book	3	Insurance Policies (After Expiration)	3
Expense Analysis & Distribution Schedules	3	Inventories	3
Financial Statements	P	Leases (after expiration)	3
Fixed Assets Records	P	Legal Briefs	P
General Ledgers	P	Licenses	P
Invoices	3	Merger Acquisition Records	P
Journals/Cash Books	3	Board Minutes	P
		Office Equipment Records (after disposition)	3
PERSONNEL		Patents	P
Employment History	P	Profit and Loss Statements	P
Individual Employee Records	P	Property Records	P
Payroll Register	P	Trademark Records	P
Time Cards and Sheets	3		
Unclaimed Wages(given to state after 3 yrs)	3	TAXATION	
Cancelled payroll checks	3	Annuity or Deferred Payment Plan	P
Retirement and Pension Plans	P	Payroll Tax Returns	3
Group Insurance Records	P	Withholding Tax Statements (W-2s)	3
Training Materials	3	Tax Bills and Statements	3
Employee Travel and Expense Reports	3	Federal Tax Returns & Work Papers	P
Interim Payroll Registers	3	State Tax Returns & Work Papers	P
		Sales and Misc. Tax Returns	3
		Depreciation Schedules	P

P = Permanently

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SECTION SIX: DRUG-FREE WORK PLACE POLICY

CDC is a drug-free work place and following is the organization's drug-free work place policy:

CDC does and will continue to provide a drug-free work place by:

- A. Publicly posting a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the during normal working hours and on CDC properties.
- B. CDC will operate an ongoing drug-free awareness program which informs employees about:
 - (1) The dangers of drug abuse in the work place;
 - (2) policy of maintaining a drug-free work place;
 - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and,
 - (4) The penalties that may be imposed upon employees for drug abuse violations in the work place.
- C. Providing each employee engaged in the performance of a grant be given a copy of the statement specified in paragraph A, above.
- D. When an employee of CDC works on a government-funded project or activity that has funding with a drug-free work place certification, CDC will notify effected employees that they are required to:
 - (1) Abide by the terms of the statement; and,
 - (2) Notify the employer in writing of his/her conviction for a violation of a criminal drug statute occurring in the work place no later than five calendar days after such conviction.
- E. CDC will notify the respective agency/funder grant officer(s) within 10 calendar days after receiving notice about a conviction from an employee or otherwise receiving actual notice of such conviction.

- F. Within 30 days of being informed by an employee that he/she had been arrested on drug charges and convicted, CDC will:
- (1) Take appropriate personnel action against such employee, up to and including termination, consistent with the Rehabilitation Act of 1973, as amended; or,
 - (2) Require the employee to participate and satisfactorily complete a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.
- G. CDC will strive to make a good faith effort to continue to maintain a drug-free work place through implementation of paragraphs A through F, above.

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SECTION SEVEN: ACKNOWLEDGEMENT FORMS

I, _____, acknowledge that I have read the **Policy Prohibiting Unlawful Harassment, Including Sexual Harassment**, which is contained in Article XI of Section Two of this Sample CDC Policies and Procedures Manual, and I agree to the terms and provisions contained in such policy.

Name of Employee: _____

Title: _____

Date: _____

Witness: _____

I, _____, acknowledge that I have read the **Sample CDC Policies and Procedures Manual**, and I agree to comply with the terms and provisions contained in this manual.

Name of Employee: _____

Title: _____

Date: _____

Witness: _____