NEW RIVER/MOUNT ROGERS WORKFORCE DEVELOPMENT BOARD

CULTIVATING TALENT FOR THE REGION

FINANCIAL MANAGEMENT POLICY AND PROCEDURE MANUAL

Effective Date: January 1, 2026

MANUAL PURPOSE, AUTHORITY, AND HIERARCHY STATEMENT

I. Purpose

The Financial Management and Procedures Manual establishes the internal control framework, fiscal administration standards, procurement requirements, audit controls, and financial monitoring procedures governing all funds administered by the NRMRWDB.

This manual ensures compliance with:

- 2 CFR Part 200 (Uniform Guidance)
- WIOA fiscal requirements
- GAAP and GASB standards
- Virginia Works fiscal guidance

This manual operationalizes the fiduciary responsibilities delegated by the Board under the Governance and Legal Compliance Manual.

II. Relationship to Governance Manual

This manual functions as **Tier II** within the Board's three-tier governance structure.

It implements and operationalizes fiscal oversight authority established in:

Governance and Legal Compliance Manual (Tier I).

It does not supersede Board authority or statutory governance provisions.

III. Relationship to Programmatic Manual

The Programmatic Policies and Operations Manual governs service delivery and participant operations.

All participant-related financial actions must comply with:

- Programmatic eligibility and authorization requirements (Tier III)
- Fiscal allowability and internal control requirements (Tier II)

No programmatic action may result in a financial obligation without compliance with this manual.

IV. Conflict Resolution

In the event of conflict:

1. Federal or state law controls.
2. Governance Manual controls governance matters.
3. This manual controls fiscal control and allowability matters.
4. Programmatic Manual controls operational service delivery matters.

V. Supersession

This manual supersedes all prior standalone fiscal policies effective January 1, 2026.

PART I – FINANCIAL MANAGEMENT POLICY

(Board-Level Governance)

PART II – FISCAL OPERATIONS MANUAL

SECTION 1 – Fiscal Agent Governance and Division of Authority

Defines the legal and operational relationship between NRMRWDACB and the New River Valley Regional Commission as Fiscal Agent, including fiduciary responsibility, execution versus oversight roles, internal control expectations, audit coordination, and division of authority matrix.

SECTION 2 – Organizational Fiscal Structure and Segregation of Duties

Defines roles of Executive Director, Program Manager, Finance Manager, Accounting Technician, Finance Technician, and Fiscal Agent, including layered internal control structure, authorization workflow, and formal segregation-of-duties matrix consistent with 2 CFR §200.303.

SECTION 3 – Accounting System Structure and Obligation Controls

Covers grant setup, fund accounting framework, cost centers, cost allocation methodology, obligation tracking spreadsheet controls, reconciliation procedures, administrative cap monitoring, and over-obligation prevention safeguards.

SECTION 4 – Participant Financial Request Workflow

Establishes multi-layer programmatic and fiscal approval process for training, supportive services, incentives, childcare, transportation, tools, and other participant costs, including allowability review, budget verification, obligation entry, documentation standards, and reconciliation controls.

SECTION 5 – Subrecipient and Contractor Invoice Review Workflow

Defines risk-based, multi-layer invoice review procedures, subrecipient monitoring integration, questioned cost protocols, documentation standards, reconciliation requirements, and escalation procedures consistent with 2 CFR §200.332.

SECTION 6 – Cash Drawdown and Revenue Recognition Workflow

Details the Fiscal Agent draw model, revenue recording, program income tracking, interest monitoring, monthly reconciliation procedures, excess cash prevention controls, obligation reconciliation, administrative cap verification, and formal MEDR and CPS preparation, verification, and certification processes.

SECTION 7 – Budget Monitoring and Over-Expenditure Prevention

Establishes monthly and quarterly budget review procedures, burn rate analysis, administrative cost cap tracking, financial forecasting, obligation balance verification, and documented corrective action processes to prevent over-expenditure and lapse risk.

SECTION 8 – Purchasing Card (Credit Card) Controls

Defines issuance authority, spending limits, pre-approval requirements, documentation standards, monthly reconciliation workflow, segregation of duties safeguards, and quarterly oversight review procedures.

SECTION 9 – Time and Effort/Payroll Controls

Details bi-monthly timesheet requirements (1–15 and 16–30/31), allocation standards based on actual activity, supervisory review, payroll processing by Fiscal Agent, reconciliation procedures, and compliance with 2 CFR §200.430 and internal control requirements.

SECTION 10 – Procurement Standards and Procedures

Establishes procurement methods and thresholds (micro-purchase and simplified acquisition), full and open competition requirements, independent cost estimates, cost and price analysis standards, SAM verification, contract clause requirements, documentation standards, and conflict-of-interest safeguards in accordance with 2 CFR §§200.317–327.

SECTION 11 – Property and Equipment Management

Defines acquisition approval requirements, tagging, inventory controls, safeguarding procedures, physical inventory cycle, disposition standards, and federal interest calculation in accordance with 2 CFR §200.313.

SECTION 12 – Financial Record Retention and Document Management

Establishes record retention timelines consistent with 2 CFR §200.334, secure storage requirements, monitoring access provisions, electronic safeguards, and formal destruction procedures.

SECTION 13 – Audit, Monitoring, and Corrective Action Controls

Defines Single Audit coordination, internal monitoring calendar, risk assessment procedures, monitoring response workflow, corrective action planning, findings tracking log, questioned cost resolution, and executive oversight responsibilities.

SECTION 14 – Fraud Prevention, Financial Ethics, and Misconduct Controls

Establishes fraud risk mitigation structure, mandatory disclosure procedures under 2 CFR §200.113, reporting channels, investigation protocols, interim safeguards, disciplinary measures, and whistleblower protections.

SECTION 15 – Subrecipient vs. Contractor Determination

Defines classification criteria under 2 CFR §200.331, required documentation checklist, risk assessment triggers, and approval workflow to ensure proper agreement structure and monitoring level.

SECTION 16 – Policy Review, Amendment, and Governance

Establishes annual review requirement, OMB update incorporation, interim amendment procedures, staff training requirements, Board oversight role, and documentation of policy updates.

SECTION 17 – Match Tracking and Cost Share Controls

Defines allowable match criteria, valuation standards, documentation requirements, quarterly reconciliation process, shortfall mitigation procedures, subrecipient match oversight, and closeout certification in accordance with 2 CFR §200.306.

PART I - FINANCIAL MANAGEMENT POLICY

I. PURPOSE

The purpose of this policy is to establish a comprehensive financial management framework governing the administration, control, accounting, reporting, and safeguarding of all funds administered by the New River/Mount Rogers Workforce Development Board (NR/MR WDB).

This policy ensures:

- Compliance with 2 CFR Part 200 (Uniform Guidance)
- Compliance with WIOA and other federal statutes (where applicable)
- Compliance with Virginia Works guidance
- Strong internal control systems
- Prevention of fraud, waste, and abuse
- Transparency and accountability in public fund stewardship

II. REGULATORY AUTHORITY

NR/MR WDB shall comply with:

- 2 CFR Part 200 – Uniform Administrative Requirements
- 2 CFR Subpart E – Cost Principles
- 2 CFR Subpart F – Audit Requirements
- 29 CFR Part 38 (Equal Opportunity)
- WIOA (where applicable)
- Virginia Works guidance
- GAAP and GASB standards

Where regulations conflict, the stricter requirement shall apply.

III. FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS

(2 CFR §200.302)

NR/MR WDB shall maintain a financial management system that:

1. Identifies all awards by:
    - Assistance Listing Number
    - FAIN
    - Award year
    - Funding source
2. Accurately records:
    - Obligations
    - Expenditures
    - Match
    - Program income
3. Compares budget to actual expenditures.
4. Maintains internal control over assets.
5. Produces financial reports required by awarding agencies.

IV. INTERNAL CONTROLS

(2 CFR §200.303)

NR/MR WDB shall establish and maintain effective internal controls consistent with:

- GAO Green Book
- COSO Internal Control Framework

Internal controls shall:

- Safeguard assets
- Ensure allowability of costs
- Maintain segregation of duties
- Prevent fraud and misuse
- Support accurate financial reporting
- Ensure timely corrective action

V. SEGREGATION OF DUTIES

No single individual shall control:

- Authorization
- Execution
- Recording
- Reconciliation

of the same financial transaction.

Where staffing limitations exist, compensating controls shall be implemented and documented.

VI. COST PRINCIPLES

All costs charged to awards must be:

- Necessary
- Reasonable
- Allocable
- Consistently treated
- GAAP-compliant
- Adequately documented

Unallowable costs must be repaid from non-federal sources.

VII. CASH MANAGEMENT

NR/MR WDB shall:

- Minimize time between drawdown and disbursement
- Draw only immediate cash needs
- Reconcile drawdowns monthly
- Comply with 2 CFR §200.305

VIII. PROCUREMENT

All procurement shall comply with:

- 2 CFR §§200.317–327
- Full and open competition
- Cost/price analysis requirements
- Conflict of interest standards

IX. MATCH AND COST SHARING

Match must:

- Be verifiable
- Not be used for another federal award
- Be necessary and reasonable
- Be documented

X. SUBRECIPIENT FISCAL OVERSIGHT

NR/MR WDB shall:

- Conduct risk assessments
- Monitor financial performance
- Review Single Audit reports
- Issue management decisions
- Enforce corrective actions

XI. FINANCIAL REPORTING

NR/MR WDB shall prepare accurate and timely:

- Federal financial reports
- Board reports
- Subrecipient expenditure reports

All reports must reconcile to accounting records.

XII. AUDIT AND CORRECTIVE ACTION

If subject to Single Audit, NR/MR WDB shall:

- Address findings promptly
- Develop corrective action plans
- Track resolution
- Report to the Board

XIII. POLICY REVIEW

This manual shall be reviewed annually and updated to reflect regulatory changes and operational improvements.

PART II - FISCAL OPERATIONS PROCEDURES

SECTION 1: FISCAL AGENT GOVERNANCE AND DIVISION OF AUTHORITY

1.1 Fiscal Agent Designation

The New River Valley Regional Commission (NRVRC) serves as Fiscal Agent for the New River/Mount Rogers Workforce Development Area Consortium Board (NRMRWDACB) pursuant to formal agreement.

Fiscal Agent Contact:
Jessica Barrett, Finance Director
New River Valley Regional Commission
6580 Valley Center Drive, Suite 124
Radford, VA 24141

1.2 Legal and Administrative Structure

NRMRWDACB is the Grant Recipient and retains full programmatic and fiduciary responsibility for:

- Proper use of federal and state funds
- Oversight of expenditures
- Compliance with Uniform Guidance
- Monitoring and corrective action
- Approval of budget modifications
- Oversight of subrecipients

NRVRC, as Fiscal Agent, is responsible for:

- Receiving grant funds
- Maintaining accounting records
- Fronting operating costs
- Disbursing funds
- Processing payroll
- Maintaining ledgers
- Preparing financial reports
- Coordinating annual audit

- Maintaining GAAP-compliant systems

1.3 Division of Responsibilities Matrix

Function	NRMRWDACB	NRVRC Fiscal Agent
Grant Acceptance	✓	
Budget Approval	✓	
Draw Request Authorization	✓	✓ (processing)
Accounting Entries		✓
Payroll Processing		✓
Invoice Payment	Direction ✓	✓ Execution
Allowability Review	✓	✓
Financial Reporting	✓ Review	✓ Preparation
Audit Coordination	✓ Oversight	✓ Execution
Subrecipient Monitoring	✓	Support

No financial transaction may be processed without appropriate authorization from NRMRWDACB leadership.

1.4 Fronting of Costs

The Fiscal Agent shall front operational costs including:

- Payroll
- Benefits
- Operating expenses
- Contractor payments

Disbursement shall be made from available funds at the direction of the Finance Manager, following receipt of complete documentation.

1.5 Internal Control Expectations of Fiscal Agent

The Fiscal Agent must maintain:

- Segregation of duties
- Written financial procedures
- Fund accounting software
- GAAP-compliant accounting
- Timely reconciliation
- Internal review mechanisms
- Audit-ready documentation

NRMRWDACB retains the right to review Fiscal Agent procedures.

1.6 Oversight of Fiscal Agent

NRMRWDACB shall:

- Review monthly financial reports
- Compare budget-to-actual expenditures
- Review drawdowns
- Review obligations
- Review match tracking
- Review subrecipient expenditures
- Participate in annual audit review
- Request corrective action if needed

1.7 Communication Protocol

Monthly coordination shall occur between:

- Executive Director
- Finance Manager

- Accounting Technician
- Fiscal Agent Finance Director

Topics shall include:

- Expenditure trends
- Budget projections
- Cash flow
- Outstanding obligations
- Pending invoices
- Audit items
- Federal reporting deadlines

1.8 Audit Responsibility

The Fiscal Agent shall:

- Arrange annual audit
- Provide full audit report to NRMRWDACB
- Respond to auditor inquiries
- Coordinate corrective actions

NRMRWDACB shall:

- Review audit findings
- Issue management decisions if applicable
- Ensure corrective actions are completed

SECTION 2 – Organizational Fiscal Structure and Segregation of Duties

2.1 Organizational Fiscal Structure

NRMRWDACB maintains a layered fiscal oversight structure to ensure compliance with 2 CFR §200.303 (Internal Controls), maintain appropriate segregation of duties, and ensure consistent fiscal stewardship across all funding sources.

Fiscal responsibilities are distributed across governance/authorization, programmatic approval, fiscal review, and accounting/disbursement execution functions as follows:

2.1.1 Executive Leadership and Fiduciary Authority

- **Executive Director –** Holds delegated fiscal authority from the Board; provides overall fiduciary oversight and approval of major fiscal actions.

2.1.2 Programmatic Fiscal Oversight

- **Program Manager –** Monitors program budgets and approves participant-related financial requests for programmatic appropriateness (eligibility, service plan alignment, funding stream fit).

2.1.3 Internal Fiscal Oversight and Review

- **Finance Manager –** Provides fiscal compliance oversight; confirms allowability, budget availability, proper documentation, and authorizes items for processing by the Fiscal Agent.
- **Accounting Technician –** Maintains and reviews internal financial records and reports; manages and validates match/cost-share documentation and tracking.
- **Finance Technician –** Supports transaction review, coding accuracy checks, receivables tracking, and compilation of financial data for internal reporting.

2.1.4 Fiscal Agent Execution

- **Fiscal Agent (New River Valley Regional Commission – NRVRC) –** Executes accounting, disbursement, payroll processing, ledger maintenance, reconciliation, draw processing (as applicable), and external fiscal reporting in accordance with GAAP and all applicable federal/state requirements, at the direction of NRMRWDACB's authorized staff.

2.1.5 Internal Control Principle

No single individual or entity may control all phases of a transaction (authorization, processing, recording, and reconciliation). Transactions follow a multi-layer pathway:

Programmatic Approval → Fiscal Review/Authorization → Fiscal Agent Processing/Recording → Oversight Review

Segregation of Duties Matrix

Fiscal Function	**Executive Director**	**Program Manager**	**Finance Manager**	**Accounting Technician**	**Finance Technician**	**Fiscal Agent (NRVRC)**
Approves overall budgets / major fiscal actions	✓					
Monitors program budgets (program-side)		✓	✓ (fiscal view)			
Approves participant financial requests (programmatic approval)		✓				
Confirms allowability (2 CFR Part 200)			✓	✓ (support)	✓ (support)	✓ (support)
Confirms budget availability / prevents over-obligation		✓ (program budget check)	✓	✓ (support)		
Approves items for payment processing (fiscal authorization)			✓			
Processes payments / disbursements						✓
Maintains general ledger / posts accounting entries						✓
Bank reconciliation						✓

Fiscal Function	**Executive Director**	**Program Manager**	**Finance Manager**	**Accounting Technician**	**Finance Technician**	**Fiscal Agent (NRVRC)**
Reviews reconciliation / financial reasonableness	✓		✓	✓		
Drawdown execution / cash receipt processing (as applicable)	✓ (oversight /approval as required)		✓ (review)			✓ (execution)
Prepares monthly financial reports						✓
Reviews monthly financial reports	✓	✓ (program budget lens)	✓	✓	✓ (support)	
Tracks/validates match and cost-share			✓ (oversight)	✓ (primary)		
Subrecipient invoice: programmatic review (scope/services)		✓				
Subrecipient invoice: fiscal review (allowability/docs/coding)			✓	✓ (support)	✓ (support)	
Audit coordination (execution)			✓ (coordination)			✓ (primary execution)

Fiscal Function	Executive Director	Program Manager	Finance Manager	Accounting Technician	Finance Technician	Fiscal Agent (NRVRC)
Audit oversight / corrective action authority	✓		✓	✓ (support)		

No staff member may approve their own reimbursement or payment request.

- Program Manager approval is **programmatic** and does not authorize payment.
- Finance Manager approval is **fiscal authorization** required before the Fiscal Agent processes payment.
- The Fiscal Agent executes payment and records transactions, with NRMRWDACB retaining oversight.

SECTION 3 – ACCOUNTING SYSTEM STRUCTURE AND OBLIGATION CONTROLS

3.1 Fund Accounting Framework

The Fiscal Agent (NRVRC) maintains a fund accounting system that:

- Separately identifies each funding stream.
- Tracks expenditures by:
  - Funding source
  - Program year
  - Budget category
  - Subrecipient/vendor
- Tracks administrative and program costs separately.
- Maintains GAAP-compliant ledgers.
- Maintains full audit trail capability.

NRMRWDACB retains oversight authority and review responsibility.

3.2 Grant Setup Procedure

Upon receipt of a new award:

1. Executive Director reviews award terms.
2. Finance Manager reviews:
   - Budget categories
   - Administrative caps
   - Match requirements
   - Period of performance
3. Program Manager reviews program structure and projected spending plan.
4. Fiscal Agent establishes:
   - Unique grant ledger
   - Cost centers

    - Budget categories
5. Finance Manager verifies setup accuracy.
6. Documentation retained in grant file.

No expenditures may be charged prior to grant setup confirmation.

3.3 Cost Center and Budget Category Controls

Each grant shall be structured to clearly separate:

- Administrative costs
- Program costs
- Personnel
- Fringe
- Travel
- Supplies
- Contractual
- Equipment
- Other

Administrative caps must be monitored monthly.

3.4 Obligation Tracking (Staff-Managed Spreadsheet)

NRMRWDACB maintains a formal obligation tracking spreadsheet.

The spreadsheet is maintained by the Finance Manager and reviewed by the Accounting Technician.

The Program Manager monitors obligations related to participant-level expenditures.

3.4.1 Definition of Obligation

An obligation is a legally binding commitment, including:

- Training contracts
- Subrecipient awards

- IWT agreements
- Supportive service approvals
- Equipment purchases
- Professional service contracts

3.4.2 Required Spreadsheet Fields

The obligation tracking spreadsheet must include:

- Funding stream
- Program year
- Participant/vendor name
- Description of service
- Total commitment amount
- Amount expended
- Remaining balance
- Date of obligation
- Expected completion date
- Approval reference

3.4.3 Obligation Entry Workflow

When a commitment is approved:

1. Program Manager confirms programmatic appropriateness (if participant-related).
2. Finance Manager verifies funding availability.
3. Obligation entered into spreadsheet.
4. Supporting documentation saved.
5. Executive Director approval required for:
    - Subrecipient awards
    - IWT contracts

    - Budget transfers
    - High-dollar procurements

3.4.4 Monthly Reconciliation of Obligations

Monthly:

- Finance Manager compares obligation spreadsheet to general ledger.
- Accounting Technician verifies balance accuracy.
- Discrepancies resolved within 10 business days.

Quarterly:

- Executive Director reviews total obligations by funding stream.

3.5 Over-Obligation Prevention

Before approving new commitments:

Available balance must be calculated:

Total Award
– Total Expenditures
– Total Existing Obligations
= Available Balance

No obligation may exceed available balance.

3.6 Administrative Cap Monitoring

For capped funding streams:

- Administrative costs tracked separately.
- Percentage calculated monthly.
- Reviewed by Finance Manager.
- Reviewed quarterly by Executive Director.

If cap exceeds 90% utilization, corrective action required.

3.7 Shared Cost Allocation

Shared costs must:

- Be allocated using reasonable methodology.
- Be documented.
- Be reviewed quarterly.

Allocation examples:

- Staff time percentage
- Square footage
- Participant headcount

Documentation must be retained.

3.8 Monthly Financial Review Layer

Each month:

Fiscal Agent prepares:

- General ledger
- Budget-to-actual
- Cash balance
- Accounts payable/receivable

Finance Manager reviews:

- Variances
- Administrative cap
- Spending pace

Program Manager reviews:

- Program spending alignment

Accounting Technician verifies:

- Match tracking
- Obligation reconciliation

Executive Director reviews summary.

3.9 Written Cost Allocation Plan

NRMRWDACB maintains a written Cost Allocation Methodology governing the distribution of shared costs across funding streams.

The cost allocation methodology:

- Identifies shared cost categories.
- Defines allocation bases (e.g., time distribution, square footage, FTE, participant counts).
- Ensures allocations are reasonable and consistently applied.
- Prevents duplication of charges.
- Complies with 2 CFR §200.405 (Allocable Costs).

The methodology shall be:

- Reviewed annually.
- Updated when organizational structure changes.
- Retained for audit and monitoring purposes.

All shared costs must be supported by documentation demonstrating the allocation basis used.

SECTION 4 – PARTICIPANT FINANCIAL REQUEST WORKFLOW

(All Programs – Training, Supportive Services, Incentives, Testing, Equipment, childcare, Transportation, Credential Fees, etc.)

4.1 Purpose

This section establishes standardized procedures for reviewing, approving, authorizing, and processing participant-related financial requests to ensure:

- Compliance with 2 CFR Part 200 Subpart E (Cost Principles)
- Proper eligibility verification
- Budget control and over-obligation prevention
- Segregation of duties
- Prevention of fraud, waste, and abuse
- Proper documentation for monitoring and audit

This section applies to all funding streams.

4.2 Definitions

Participant Financial Request – Any request for payment on behalf of or for the benefit of an enrolled participant.

Programmatic Approval – Confirmation that the request aligns with eligibility and the participant's service plan.

Fiscal Authorization – Confirmation that the cost is allowable, within budget, and properly documented.

4.3 Participant Financial Request Categories

This procedure applies to:

- Individual Training Accounts (ITAs)
- Tuition payments
- Testing fees
- Credentialing fees

- Supportive services
- Incentives
- Work-based learning wages (if applicable)
- Tools and uniforms
- Transportation assistance
- childcare assistance
- Other participant-related costs

4.4 Standardized Approval Workflow

All participant financial requests must follow this sequence:

STEP 1 – Case Manager Submission

Case Manager prepares and submits a financial request that includes:

- Participant name and ID
- Funding stream identified
- Service type
- Total requested amount
- Budget category
- Eligibility verification
- Approved IEP/ISS/IDP
- Supporting documentation:
    - Invoice or quote
    - Enrollment documentation
    - Attendance verification (if required)
    - Vendor information
- Case note documenting justification

Incomplete submissions will be returned.

STEP 2 – Program Manager Review (Programmatic Authorization)

The Program Manager reviews for:

- Eligibility verification
- Service plan alignment
- Funding source appropriateness
- Reasonableness of service
- Program budget availability
- Duplication of benefits risk

If approved:

- Program Manager signs or electronically authorizes request.

If denied:

- Written explanation required.

Program Manager approval confirms programmatic appropriateness only.

It does not authorize payment.

STEP 3 – Finance Manager Review (Fiscal Authorization)

The Finance Manager reviews for:

- Allowability under 2 CFR §§200.403–200.405
- Cost reasonableness (2 CFR §200.404)
- Allocability
- Budget availability
- Obligation entry confirmation
- Administrative cap impact
- Proper documentation completeness
- Vendor eligibility (SAM verification if required)

If approved:

- Finance Manager authorizes for fiscal processing.
- Obligation entered or updated in spreadsheet.

If deficiencies:

- Returned for correction.

No request proceeds without Finance Manager authorization.

STEP 4 – Fiscal Agent Processing (Execution Layer)

Upon receipt of authorized request:

Fiscal Agent shall:

- Verify required documentation present.
- Confirm authorization signatures.
- Code expenditure to proper funding source.
- Issue payment within reasonable timeframe.
- Record transaction in general ledger.
- Include in monthly reporting.

Fiscal Agent may not override programmatic or fiscal approval layers.

STEP 5 – Post-Payment Review and Reconciliation

Monthly:

- Accounting Technician reconciles:
    - Obligation spreadsheet
    - General ledger entries
- Finance Manager reviews:
    - Participant spending trends
    - Remaining balances
- Program Manager reviews:
    - Program budget alignment

    - Spending pace

Discrepancies must be resolved within 10 business days.

4.5 Special Controls for High-Risk Categories

4.5.1 Incentives

- Must comply with Incentives Policy.
- Must be tied to documented milestone.
- Must be documented in participant file.

4.5.2 Supportive Services

- Must document need.
- Must confirm service is necessary for participation.
- Must confirm not available through other resources.

4.5.3 Training Payments

- Must verify enrollment.
- Must verify attendance prior to subsequent payments.
- Must verify satisfactory progress if required.

4.5.4 childcare Assistance

- Must document relationship to participation.
- Must confirm provider information.
- Must confirm period of service.

4.6 Documentation Standards

Each participant financial request must include:

- Program Manager approval
- Finance Manager authorization
- Vendor invoice or equivalent documentation
- Funding source identified

- Budget category identified
- Case note justification
- Obligation tracking reference

Participant files must be audit-ready at all times.

4.7 Prohibited Actions

The following are strictly prohibited:

- Retroactive approval of payments
- Payment without documentation
- Program Manager issuing payment directly
- Finance Manager processing payment directly
- Split transactions to avoid thresholds
- Approving one's own reimbursement
- Charging to incorrect funding stream to resolve deficit

4.8 Monthly Participant Expenditure Review Checklist

Finance Manager must verify monthly:

☐ All participant expenditures have documentation
☐ Obligation spreadsheet reconciles to ledger
☐ Administrative cap within limits
☐ No over-obligation exists
☐ No duplicate benefits identified
☐ All required approvals documented

Checklist completion must be documented.

4.9 Internal Control Statement

This layered approval structure ensures:

Programmatic authorization → Fiscal authorization → Accounting execution → Oversight reconciliation

No single individual controls all aspects of a transaction, consistent with 2 CFR §200.303.

SECTION 5 – SUBRECIPIENT AND CONTRACTOR INVOICE REVIEW WORKFLOW

(Applies to all funding streams and all subrecipients and contractors)

5.1 Purpose

This section establishes standardized procedures for:

- Reviewing subrecipient invoices
- Reviewing contractor invoices
- Ensuring allowability of costs
- Preventing over-expenditure
- Verifying documentation
- Maintaining segregation of duties
- Ensuring compliance with 2 CFR §200.332 (Subrecipient Monitoring)

NRMRWDACB retains ultimate fiduciary responsibility as the Grant Recipient.

5.2 Definitions

Subrecipient – An entity receiving a subaward to carry out part of a federal program.

Contractor – An entity providing goods or services for the Board's use.

Invoice Review Depth – Level of documentation and verification required based on risk.

5.3 Invoice Submission Requirements

All subrecipient and contractor invoices must include:

- Invoice number and date
- Billing period
- Funding stream
- Budget category breakdown
- Line-item detail
- Certification statement affirming:

    - Costs are allowable
    - Costs are allocable
    - Costs are not charged to another award
- Supporting documentation (as required)

Required supporting documentation may include:

- Payroll registers
- Time and effort records
- Receipts
- Vendor invoices
- Allocation worksheets
- Match documentation
- Performance reports (if applicable)

Invoices lacking required documentation will be returned.

5.4 Multi-Layer Invoice Review Workflow

STEP 1 – Program Manager Review (Programmatic Review)

The Program Manager reviews for:

- Service delivery alignment
- Performance consistency
- Contract scope compliance
- Budget utilization trends
- Participant counts (if applicable)
- Duplication of service risk

Program Manager signs off for programmatic approval.

Programmatic approval confirms services were delivered appropriately.

STEP 2 – Finance Manager Review (Fiscal Authorization)

The Finance Manager reviews for:

- Allowability under 2 CFR §§200.403–200.405
- Budget availability
- Administrative cap compliance
- Proper cost allocation
- Documentation sufficiency
- Mathematical accuracy
- Match verification (if applicable)
- Obligation balance verification

The Finance Manager may:

- Approve
- Partially approve
- Request clarification
- Disallow questioned costs

All questioned costs must be documented.

No invoice proceeds without fiscal authorization.

STEP 3 – Fiscal Agent Processing (Execution)

Upon fiscal authorization:

Fiscal Agent shall:

- Verify approval signatures
- Confirm documentation present
- Code expenditure appropriately
- Issue payment
- Record in general ledger
- Include in monthly reporting

Fiscal Agent may not process invoices lacking authorization.

STEP 4 – Reconciliation and Oversight

Monthly:

- Accounting Technician reconciles invoice payments to:
    - Obligation spreadsheet
    - General ledger
- Finance Manager reviews expenditure trends.
- Executive Director reviews quarterly subrecipient summary.

5.5 Risk-Based Invoice Review Depth

NRMRWDACB applies risk-based review in accordance with 2 CFR §200.332.

Subrecipients may be classified as:

- Low Risk
- Moderate Risk
- High Risk

Risk factors may include:

- New subrecipient
- Prior audit findings
- Late reporting
- Inadequate documentation history
- Rapid spending patterns
- Turnover in fiscal staff

5.5.1 Low Risk Review

- Invoice summary review
- Budget category verification

- Spot-check documentation

5.5.2 Moderate Risk Review

- Line-item documentation review
- Payroll verification sampling
- Allocation method verification
- Match documentation review

5.5.3 High Risk Review

- Full supporting documentation review
- Payroll and time records review
- Vendor invoice verification
- On-site fiscal monitoring
- Increased reporting frequency
- Potential special conditions

5.6 Questioned Costs Procedure

If a cost appears unallowable:

1. Finance Manager documents questioned cost.
2. Written notice sent to subrecipient.
3. Subrecipient given timeline to respond.
4. If unresolved:
    - Cost disallowed.
    - Repayment required.
    - Special conditions imposed.
    - Escalation to Executive Director.

Persistent issues may result in contract modification or termination.

5.7 Over-Expenditure Prevention

Before approval:

Finance Manager must verify:

Total Award
– Total Expenditures
– Total Obligations
= Available Balance

If invoice would exceed available balance:

- Payment shall be reduced or denied.
- Budget modification may be required.

5.8 Monthly Subrecipient Review Checklist

Finance Manager must verify:

☐ Invoice includes required certification
☐ Documentation sufficient
☐ Budget category accurate
☐ Administrative cap within limits
☐ Obligation balance sufficient
☐ Match documentation verified
☐ Risk level updated if needed

Checklist completion must be documented.

5.9 Segregation of Duties

- Program Manager cannot authorize payment alone.
- Finance Manager cannot issue payment.
- Fiscal Agent cannot approve allowability.
- No staff may approve their own expense.
- All review layers must be documented.

5.10 Subrecipient Monitoring Integration

Invoice review is integrated with:

- Annual risk assessment
- Desk review procedures
- On-site monitoring
- Single Audit review
- Management decision issuance

Subrecipient fiscal monitoring findings must be documented and tracked to resolution.

5.11 Internal Control Statement

This layered structure ensures:

Programmatic review → Fiscal review → Accounting execution → Reconciliation → Executive oversight

No single individual controls all aspects of the transaction.

SECTION 6 – CASH DRAWDOWN AND REVENUE RECOGNITION WORKFLOW

6.1 Purpose

This section establishes procedures governing:

- Federal and state fund drawdowns
- Cash receipt recording
- Revenue recognition
- Cash management timing
- Fronting of costs by Fiscal Agent
- Monthly reconciliation and oversight

These procedures comply with:

- 2 CFR §200.305 (Payment)
- 2 CFR §200.302 (Financial Management)
- 2 CFR §200.303 (Internal Controls)

6.2 Drawdown Model

NRMRWDACB operates under a Fiscal Agent drawdown model under which:

- The Fiscal Agent monitors the general ledger.
- The Fiscal Agent calculates eligible reimbursement amounts.
- The Fiscal Agent submits draw requests to the funding agency.
- The Fiscal Agent records revenue in the accounting system.

NRMRWDACB retains oversight and fiduciary responsibility for all drawdowns.

6.3 Drawdown Timing Standard

The Fiscal Agent shall:

- Draw funds only for allowable expenditures already incurred.
- Minimize time between receipt of funds and disbursement.

- Avoid excessive cash on hand.
- Comply with funder-specific draw timing requirements.

NRMRWDACB shall not maintain excess federal cash balances.

6.4 Draw Calculation Controls

Before submission of any draw:

The Fiscal Agent shall:

- Confirm expenditures are posted to the ledger.
- Confirm expenditures are allowable and properly coded.
- Exclude questioned or unapproved costs.
- Confirm administrative caps are not exceeded.
- Confirm expenditures align with funding stream restrictions.

The Finance Manager shall:

- Review monthly draw summary report.
- Compare draw amounts to internal obligation tracking.
- Confirm reasonableness of draw amounts.
- Document review.

6.5 Draw Submission Procedure

1. Fiscal Agent determines reimbursable expenditure balance.
2. Fiscal Agent submits draw through applicable system (PMS, ASAP, state portal).
3. Fiscal Agent records draw as revenue in the general ledger.
4. Fiscal Agent provides draw confirmation to Finance Manager.

All draw confirmations must be retained.

6.6 Monthly Draw Reconciliation

Monthly:

Fiscal Agent provides:

- Draw summary
- Revenue report
- Cash balance report
- General ledger

Finance Manager shall:

- Compare draw amounts to reported expenditures.
- Confirm no excess draw.
- Confirm no under-draw that could impact cash flow.
- Verify alignment with obligation spreadsheet.

Accounting Technician shall:

- Reconcile revenue recorded to ledger.
- Verify revenue coding accuracy.

Executive Director shall review monthly financial summary.

Discrepancies must be resolved within 10 business days.

6.7 Fronting of Costs

The Fiscal Agent fronts costs including:

- Payroll
- Benefits
- Operating expenses
- Subrecipient payments

Fronting shall be done:

- In compliance with GAAP
- In compliance with federal cost principles
- Only for authorized expenditures

NRMRWDACB remains responsible for ensuring expenditures are allowable.

6.8 Revenue Recognition

Revenue shall be:

- Recorded when drawn
- Coded to proper funding stream
- Tracked by grant year
- Reconciled monthly

Revenue recognition must align with GAAP standards.

6.9 Excess Cash Prevention

If excess federal cash is identified:

- Finance Manager must be notified immediately.
- Corrective action taken within 5 business days.
- Interest remittance handled per federal requirements if applicable.

6.10 Program Income Tracking and Reporting

In accordance with 2 CFR §200.307, NRMRWDACB shall identify, record, track, and report program income when generated.

6.10.1 Definition

Program income includes, but is not limited to:

- Participant reimbursements
- Tuition refunds
- Vendor credits
- Sale of grant-purchased property
- Fees earned from grant-supported activities
- Interest earned on program income (if applicable)

Program income does not include interest earned on federal advances (see Section 6.11).

6.10.2 Recording Requirements

If program income is received:

- It shall be recorded in the general ledger by funding stream.
- It shall be identified separately from federal draw revenue.
- It shall be coded to the proper grant year.
- It shall be reconciled monthly.

The Fiscal Agent shall establish a separate revenue account for program income when required.

6.10.3 Use of Program Income

Unless otherwise specified in the Notice of Award:

Program income shall be used under the additive method.

This means program income shall be:

Added to the federal award
Used for allowable program purposes
Subject to the same cost principles and controls

If a funding agency requires deductive treatment, that method shall be documented and applied consistently.

6.10.4 Program Income Reconciliation

Monthly:

Finance Manager shall verify:

☐ Program income recorded correctly
☐ Program income reported properly
☐ Use of income is allowable
☐ Income not double-counted as match

Quarterly review required.

6.11 Interest on Federal Advances

In accordance with 2 CFR §200.305(b)(9):

If NRMRWDACB earns interest on federal advance payments:

- Interest up to $500 per year may be retained for administrative purposes.
- Interest exceeding $500 annually must be remitted to the U.S. Department of Health and Human Services Payment Management System (or appropriate federal agency).

The Fiscal Agent shall:

- Monitor interest earned.
- Notify the Finance Manager if interest approaches $500.
- Process remittance when required.
- Maintain documentation of calculation and remittance.

6.12 Quarterly Cash Oversight Review

Quarterly:

Executive Director and Finance Manager shall review:

- Cumulative draw totals
- Cumulative expenditures
- Remaining balance
- Projected burn rate
- Risk of lapse

Documentation of review shall be maintained.

6.13 Internal Control Statement

Under this structure:

- Fiscal Agent executes draws.
- NRMRWDACB performs monthly oversight.
- Segregation exists between execution and review.
- Cash balances are monitored.
- Drawdowns are reconciled to expenditures.

This layered control satisfies internal control requirements under 2 CFR §200.303.

SECTION 6.14 – MEDR AND CPS PREPARATION, VERIFICATION, AND CERTIFICATION CONTROLS
(Applies to all funding streams requiring Monthly Expenditure Detail Reports and Cash Payment Schedules)

6.14.1 Purpose

This section establishes formal internal control procedures governing the preparation, review, verification, and certification of:

• Monthly Expenditure Detail Reports (MEDRs)
• Cash Payment Schedules (CPSs)

These controls ensure compliance with:

• 2 CFR §200.302 (Financial Management)
• 2 CFR §200.303 (Internal Controls)
• 2 CFR §200.305 (Payment)
• 2 CFR Part 200 (Uniform Guidance)
• WIOA Title I requirements (where applicable)
• Virginia Works reporting guidance
• Most current OMB updates

The objective is to ensure financial reporting is accurate, complete, timely, fully reconciled, and supported by adequate documentation.

6.14.2 Segregation of Duties

Segregation of duties shall be maintained consistent with Section 2 of this Manual.

Preparation, review, and certification functions shall be separated as follows:

• Fiscal Agent – Preparation and ledger reconciliation
• Fiscal Agent Finance Director – Internal review and verification
• Finance Manager – Oversight review and reconciliation verification
• Executive Director – Final certification

Certification authority may not be delegated unless formally documented in writing.

No individual may both prepare and certify the same report.

6.14.3 Preparation Procedures (Fiscal Agent Responsibility)

The Fiscal Agent shall:

1. Prepare monthly MEDRs and CPSs by funding stream.

2. Reconcile all expenditures to:
   • General ledger detail
   • Payroll records
   • Vendor invoices
   • Allocation worksheets

3. Verify expenditures are:
   • Allowable under 2 CFR Subpart E
   • Properly classified by budget category
   • Within approved grant period

4. Confirm administrative caps are not exceeded.

5. Confirm expenditures do not exceed approved budgets.

6. Exclude questioned or unresolved costs.

7. Confirm cumulative totals align with internal ledgers.

All supporting documentation shall be maintained in the monthly reporting packet.

6.14.4 Required Pre-Certification Internal Control Verification

Prior to Executive Director certification, the Finance Manager shall verify and document the following:

☐ General ledger reconciled to MEDR totals
☐ Obligation tracking spreadsheet reconciled
☐ No over-obligation exists
☐ Administrative cap within limits
☐ Payroll allocation reconciled
☐ Match reconciliation complete (Section 17)
☐ Program income reconciled (Section 6.10)
☐ Interest earnings reviewed (Section 6.11)
☐ Prior month adjustments documented
☐ No duplicate or unsupported costs included
☐ Expenditures align with funding stream restrictions

This verification must be documented using a Monthly Certification Review Checklist and retained.

6.14.5 Executive Director Certification

After completion of internal verification:

The Executive Director shall:

• Conduct secondary review.
• Confirm documentation is on file.
• Confirm consistency with program activity and approved budgets.
• Ensure no expenditures appear questionable, unallowable, or inconsistent.

Upon satisfactory review, the Executive Director shall sign a certification statement affirming:

"Appropriate documentation is on file to support all expenditures and obligations claimed herein. The report is accurate, complete, and reconciled to internal financial records to the best of my knowledge."

Signed certifications must be retained in accordance with Section 12.

6.14.6 Documentation Packet Requirements

Each monthly reporting packet must include:

• Signed MEDR
• Signed CPS
• Finance Manager Review Checklist
• General ledger detail
• Payroll summaries
• Allocation worksheets
• Draw confirmation documentation
• Obligation reconciliation summary
• Match reconciliation summary
• Program income summary (if applicable)
• Adjustment documentation

Records shall be maintained electronically in secure systems with restricted access.

6.14.7 Quarterly Oversight Review

Quarterly, the Executive Director shall review:

• Cumulative expenditures
• Cumulative draw totals
• Administrative cap status
• Match status

• Projected burn rate
• Risk of lapse or deficit

Quarterly review shall be documented and retained.

6.14.8 Questioned Costs and Irregularities

If discrepancies suggest:

• Misclassification of costs
• Unallowable expenditures
• Fraudulent activity
• Material misstatements

The Executive Director shall:

• Initiate internal review
• Document findings
• Implement corrective action
• Notify Virginia Works or applicable funder if required
• Escalate to appropriate authorities when warranted

All actions shall be documented in accordance with Section 13.

6.14.9 Continuous Improvement

These procedures shall be reviewed annually as part of the internal control risk assessment process (Section 13.10).

Any updates shall be documented, approved, and communicated to fiscal staff.

SECTION 7 - BUDGET MONITORING AND OVER-EXPENDITURE PREVENTION

7.1 Purpose

This section establishes procedures to:

- Monitor grant budgets
- Prevent over-expenditure
- Monitor administrative cost caps
- Track burn rate
- Forecast funding sufficiency
- Protect against disallowed costs

This section applies to all funding streams.

7.2 Budget Authority

Only the Executive Director may:

- Approve official budget modifications
- Approve transfer of funds
- Approve reallocation across categories (where permitted)
- Approve corrective spending adjustments

The Finance Manager monitors and recommends.

The Program Manager monitors program-level spending.

7.3 Monthly Budget Monitoring Process

Each month, the following review layers occur:

7.3.1 Fiscal Agent Provides

- Budget-to-actual report by funding stream
- Administrative cost summary
- Accounts payable and receivable report

- General ledger detail

7.3.2 Finance Manager Review

Finance Manager must review:

☐ Total expenditures by funding stream
☐ Remaining balance
☐ Administrative percentage utilized
☐ Spending pace (burn rate)
☐ Large or unusual expenditures
☐ Obligation alignment
☐ Projected exhaustion date

Finance Manager documents review.

7.3.3 Program Manager Review

Program Manager must review:

☐ Participant-level spending trends
☐ Enrollment projections
☐ Training commitments
☐ Risk of over-commitment
☐ Subrecipient spending pace

Program Manager alerts Finance Manager of projected risks.

7.3.4 Accounting Technician Verification

Accounting Technician must:

☐ Reconcile obligation spreadsheet to ledger
☐ Verify match tracking
☐ Confirm budget category coding

7.3.5 Executive Director Oversight

Executive Director reviews summary monthly and signs off quarterly.

7.4 Burn Rate Monitoring

Finance Manager shall calculate:

Burn Rate = Total Expended ÷ Months Elapsed

Projected Remaining Months = Remaining Funds ÷ Average Monthly Spend

If projected exhaustion date precedes grant end date:

- Spending adjustments must be implemented.
- Budget modification may be initiated.
- Transfer of funds considered.

If spending pace is too slow:

- Acceleration plan developed.
- Program Manager notified.

7.5 Over-Expenditure Prevention Controls

Before approving any new obligation:

Finance Manager must verify:

Available Balance =
Total Award
– Total Expenditures
– Total Obligations

No commitment may exceed available balance.

System of control:

- Obligation spreadsheet verification
- Budget-to-actual verification
- Administrative cap calculation

7.6 Administrative Cap Monitoring

For capped funding streams:

- Administrative expenditures tracked separately.
- Percentage calculated monthly.
- Reviewed monthly by Finance Manager.
- Reviewed quarterly by Executive Director.

If administrative rate reaches 90%:

- Spending freeze on administrative costs.
- Immediate review required.

7.7 Corrective Action for Budget Risk

If over-expenditure risk is identified:

1. Finance Manager documents risk.
2. Executive Director notified.
3. Immediate mitigation plan developed.
4. New commitments paused if necessary.
5. Budget modification initiated if allowed.
6. Transfer of funds considered where permitted.
7. Documentation retained.

7.8 Quarterly Financial Forecast Review

Quarterly review must include:

- Total award
- Total expended
- Total obligated
- Remaining balance
- Projected exhaustion date
- Administrative percentage
- Match status

- Subrecipient performance

Executive Director signs off on quarterly financial forecast.

7.9 Internal Control Statement

Budget monitoring integrates:

Ledger review → Obligation reconciliation → Program review → Executive oversight

This layered approach ensures compliance with 2 CFR §200.303 and prevents disallowed costs.

SECTION 8 - PURCHASING CARD (CREDIT CARD) CONTROLS

(Applies to all funding streams and all staff issued purchasing authority)

8.1 Purpose

This section establishes internal controls governing the issuance, use, reconciliation, and oversight of purchasing cards (credit cards) to ensure:

- Compliance with 2 CFR §200.303 (Internal Controls)
- Compliance with 2 CFR §§200.403–200.405 (Allowable Costs)
- Compliance with 2 CFR §§200.317–327 (Procurement Standards)
- Proper segregation of duties
- Prevention of fraud, waste, and abuse
- Audit-ready documentation

Purchasing cards are considered a procurement and payment mechanism and are subject to all applicable cost principles and procurement rules.

8.2 Authorization and Issuance

8.2.1 Cardholder Eligibility

Purchasing cards may only be issued to:

- Executive Director (if necessary)
- Finance Manager (if necessary)
- Other staff as approved by Executive Director

Cards shall not be issued to temporary staff or contractors.

8.2.2 Approval Process for Issuance

To issue a card:

1. Executive Director provides written authorization.
2. Spending limits are defined.
3. Cardholder signs Purchasing Card Acknowledgment Agreement.

4. Cardholder receives training on:
    - Allowability
    - Documentation standards
    - Prohibited uses
    - Reconciliation process

8.2.3 Spending Limits

Each card shall have:

- Single transaction limit
- Monthly spending cap

Spending limits must reflect operational need and risk level.

Spending limits shall be reviewed annually.

8.3 Allowable Uses

Purchasing cards may only be used for:

- Approved business-related expenses
- Allowable costs under 2 CFR Subpart E
- Purchases within approved budget
- Goods/services directly supporting grant activities

Examples may include:

- Office supplies
- Registration fees
- Travel expenses (if authorized)
- Small equipment (below capitalization threshold)
- Training-related supplies

8.4 Prohibited Uses

Purchasing cards may not be used for:

- Personal purchases
- Alcohol
- Entertainment
- Gift cards (unless specifically authorized under Incentives Policy)
- Cash advances
- Capital equipment over threshold without procurement process
- Split transactions to avoid procurement thresholds
- Unbudgeted expenses
- Meals not compliant with travel policy

Improper use may result in:

- Repayment
- Revocation of card
- Disciplinary action
- Referral for investigation if necessary

8.5 Pre-Approval Requirements

Prior to purchase:

- Cardholder must obtain supervisor approval.
- Program-related purchases must receive Program Manager confirmation (if programmatic).
- Purchases exceeding micro-purchase threshold must comply with Procurement Section (Section 9).

Pre-approval must be documented via:

- Email authorization
- Approved purchase request form
- Electronic workflow system

8.6 Documentation Requirements

Each transaction must include:

- Original itemized receipt
- Business purpose statement
- Funding source
- Budget category
- Pre-approval documentation
- Allocation methodology (if split across grants)

Credit card statement alone is insufficient documentation.

Missing documentation may result in disallowed cost.

8.7 Monthly Reconciliation Process

8.7.1 Cardholder Responsibility

Within 5 business days of statement availability:

- Cardholder reconciles each transaction.
- Attaches required documentation.
- Codes to proper funding source.
- Signs reconciliation certification.

8.7.2 Finance Technician Review

Finance Technician:

- Reviews documentation completeness.
- Verifies coding accuracy.
- Confirms funding stream.
- Flags questionable transactions.

8.7.3 Finance Manager Review

Finance Manager:

- Reviews allowability.
- Verifies budget availability.
- Confirms procurement compliance.
- Approves for payment.

8.7.4 Fiscal Agent Processing

Fiscal Agent:

- Issues payment to credit card provider.
- Records expenditure in general ledger.
- Includes in monthly financial report.

8.8 Segregation of Duties

The following controls must exist:

- Cardholder may not approve their own reconciliation.
- Cardholder may not process payment.
- Finance Manager may not reconcile their own card.
- Fiscal Agent may not authorize card purchases.
- Executive Director must review any card issued to Finance Manager.

8.9 Random Spot Checks

Quarterly:

- Executive Director shall conduct random transaction review.
- At least 5% of transactions sampled.
- Findings documented.

If misuse is detected:

- Expanded review required.

- Possible suspension of card privileges.

8.10 Lost or Stolen Cards

If card is lost or stolen:

1. Cardholder must notify issuing bank immediately.
2. Cardholder must notify Finance Manager.
3. Written incident report required.
4. Fraud investigation initiated if necessary.

8.11 Card Cancellation

Cards must be canceled immediately upon:

- Employee termination
- Change in job duties
- Misuse
- Extended leave (if appropriate)

Cancellation must be documented.

8.12 Annual Review

Annually:

- Finance Manager reviews:
  - Cardholder list
  - Spending limits
  - Transaction trends
- Executive Director approves continued issuance.

8.13 Internal Control Statement

Purchasing card controls ensure:

Pre-approval → Documentation → Reconciliation → Fiscal review → Payment execution → Oversight review

No single individual controls the entire transaction cycle.

SECTION 9 - TIME AND EFFORT/PAYROLL CONTROLS

(Applies to all staff charged in whole or in part to any funding stream)

9.1 Purpose

This section establishes procedures for documenting, reviewing, allocating, and reconciling personnel costs charged to federal, state, and other funding sources.

These procedures comply with:

- 2 CFR §200.430 (Compensation – Personal Services)
- 2 CFR §200.403 (Allowability)
- 2 CFR §200.303 (Internal Controls)

Personnel costs must be supported by records that accurately reflect the work performed.

9.2 Payroll Structure

Payroll is processed by the Fiscal Agent (NRVRC).

NRMRWDACB staff complete timesheets covering:

- 1st through 15th of each month
- 16th through 30th/31st of each month

Timesheets must reflect actual hours worked.

9.3 Time Distribution Requirements

All staff whose salaries are charged in whole or in part to a funding source must:

- Complete bi-monthly timesheets.
- Allocate hours by funding stream.
- Record total hours worked.
- Reflect actual distribution of activity.

Budget estimates may not be used in place of actual time reporting.

9.4 Timesheet Content Requirements

Each timesheet must include:

- Employee name
- Pay period dates
- Total hours worked
- Hours allocated by funding stream
- Leave time (separately identified)
- Employee signature
- Supervisor approval signature
- Date of approval

Electronic signatures are permitted if system controls exist.

9.5 Allocation of Time Across Funding Streams

When staff work on multiple funding streams:

- Hours must be recorded separately by grant.
- Allocation must reflect actual work performed.
- Estimates may not substitute for actual documentation.
- Retroactive adjustments must be documented.

9.6 Timesheet Approval Workflow

Step 1 – Employee Completion

Employee completes timesheet at end of pay period.

Employee certifies that:

“The distribution of time reported is a true and accurate reflection of actual work performed.”

Step 2 – Supervisor Review

Supervisor reviews for:

- Reasonableness of distribution

- Accuracy of hours
- Alignment with assigned duties
- Proper funding stream allocation

Supervisor signs to approve.

Step 3 – Finance Manager Review

Finance Manager reviews:

- Proper funding stream coding
- Consistency with program assignments
- Allocation reasonableness
- Compliance with budget limits

If discrepancies are found:

- Timesheet returned for correction.

Step 4 – Fiscal Agent Payroll Processing

Fiscal Agent:

- Processes payroll
- Allocates salary costs based on approved timesheet
- Posts payroll costs to proper funding stream
- Maintains payroll records

Fiscal Agent may not alter approved allocation without written authorization.

9.7 Payroll Reconciliation

Monthly:

Finance Manager must:

☐ Compare payroll distribution to ledger
☐ Confirm funding stream accuracy

☐ Confirm no over-expenditure
☐ Verify administrative cap impact

Accounting Technician must:

☐ Verify allocation percentages
☐ Reconcile payroll totals to obligation tracking
☐ Flag anomalies

Discrepancies must be corrected within 10 business days.

9.8 Payroll Adjustments

If allocation error is identified:

1. Correction must be documented.
2. Written explanation required.
3. Adjustment processed by Fiscal Agent.
4. Adjustment reflected in next reporting cycle.

Frequent adjustments may trigger internal review.

9.9 Paid Leave Allocation

Paid leave must be:

- Allocated proportionally to funding streams based on time worked during pay period, OR
- Allocated in accordance with approved cost allocation plan.

Method must be consistent and documented.

9.10 Overtime Controls

Overtime must be:

- Pre-approved by Executive Director.
- Consistent with personnel policy.
- Charged to appropriate funding stream.

- Properly documented.

9.11 Personnel Cost Reasonableness Review

Quarterly, Finance Manager shall review:

- Salary levels
- Allocation patterns
- Significant changes in distribution
- Administrative cost percentage

Executive Director shall review summary quarterly.

9.12 Documentation Retention

Payroll and time documentation shall be retained:

- Minimum 3 years after final expenditure report.
- Longer if audit or litigation is pending.

Records must be accessible for monitoring.

9.13 Internal Control Statement

Personnel cost charging follows this layered control:

Employee Certification → Supervisor Approval → Finance Review → Fiscal Agent Processing → Monthly Reconciliation → Executive Oversight

This satisfies 2 CFR §200.430 documentation standards and 2 CFR §200.303 internal control requirements.

SECTION 10 - PROCUREMENT STANDARDS AND PROCEDURES

(Applies to all funding streams and all purchases of goods and services)

10.1 Purpose

This section establishes procurement standards to ensure:

- Full compliance with 2 CFR §§200.317–200.327
- Full and open competition
- Cost reasonableness
- Prevention of conflicts of interest
- Proper documentation
- Audit-ready procurement files

NRMRWDACB shall follow the most current OMB Uniform Guidance procurement thresholds and standards, including future updates automatically upon federal adoption.

10.2 General Procurement Standards

All procurement actions must:

- Provide full and open competition.
- Avoid conflicts of interest.
- Ensure cost reasonableness.
- Maintain written documentation.
- Prevent unnecessary or duplicative purchases.
- Consider lease vs purchase where appropriate.
- Ensure contractors are not debarred or suspended.

Procurement decisions must be based on best value and documented.

10.3 Conflict of Interest

No employee, officer, or agent may participate in the selection, award, or administration of a contract if they have:

- A real or apparent conflict of interest.
- A financial interest.
- A family relationship with vendor.

All conflicts must be disclosed in writing.

Violations may result in disciplinary action.

10.4 Procurement Methods

NRMRWDACB recognizes the following procurement methods:

10.4.1 Micro-Purchase (≤ $10,000)

Purchases at or below $10,000:

- May be awarded without competitive quotes.
- Must be distributed equitably among qualified suppliers.
- Must be reasonable in price.
- Must be documented.

Required documentation:

- Invoice or receipt
- Business purpose
- Funding source
- Budget category

Splitting purchases to avoid thresholds is prohibited.

10.4.2 Small Purchase Procedures (> $10,000 and < $250,000)

For purchases between the micro-purchase threshold and the Simplified Acquisition Threshold:

- Price or rate quotations must be obtained from at least two qualified sources.
- Written or documented quotes required.
- Documentation must show selection rationale.

Required documentation:

- Request for quote
- Vendor responses
- Cost comparison
- Selection justification

10.4.3 Sealed Bids (Formal Advertising)

Used when:

- Specifications are clear.
- Two or more bidders are available.
- Price is primary factor.

Requirements:

- Public solicitation.
- Fixed-price contract.
- Award to lowest responsive and responsible bidder.
- Formal bid opening documentation.

10.4.4 Competitive Proposals

Used when:

- Conditions are not appropriate for sealed bids.
- Price and other factors are considered.

Requirements:

- Written RFP.
- Publicized solicitation.
- Evaluation criteria established in advance.
- Evaluation committee scoring.
- Written selection justification.

10.4.5 Noncompetitive Procurement (Sole Source)

Permitted only when one of the following applies:

- Item available from single source.
- Public emergency.
- Funder authorizes noncompetitive method.
- Competition determined inadequate after solicitation.

Written sole source justification required and approved by Executive Director.

10.5 Cost or Price Analysis

For all procurements above the Simplified Acquisition Threshold:

- Cost or price analysis must be performed.
- Independent cost estimate required prior to solicitation.
- Documentation must demonstrate reasonableness.

Methods may include:

- Price comparison
- Market research
- Historical pricing review
- Cost breakdown review

10.6 Debarment and Suspension

Prior to contract award:

- Vendor must be verified in SAM.gov.
- Screenshot or verification documentation must be retained.
- Contracts may not be awarded to suspended or debarred entities.

Verification required for:

- Subrecipients

- Contractors
- Vendors above micro-purchase threshold

10.7 Contract Requirements

All contracts must include:

- Scope of work
- Period of performance
- Payment terms
- Termination provisions
- Compliance requirements
- Federal contract clauses (as applicable)
- Access to records clause
- Audit clause

Subrecipient agreements must include additional federal flow-down provisions per 2 CFR §200.332.

10.8 Procurement File Documentation

Each procurement file must include:

☐ Independent cost estimate
☐ Solicitation documentation
☐ Quotes or proposals received
☐ Evaluation documentation
☐ Cost/price analysis
☐ Selection justification
☐ SAM verification
☐ Signed contract
☐ Funding source
☐ Budget category

Incomplete files may result in questioned costs.

10.9 Contract Administration

NRMRWDACB must:

- Monitor contractor performance.
- Ensure deliverables are met.
- Verify invoices align with contract.
- Document performance concerns.
- Enforce corrective actions if needed.

Program Manager monitors program performance.

Finance Manager monitors fiscal compliance.

10.10 Procurement and Purchasing Cards

Purchasing card transactions must:

- Comply with micro-purchase threshold.
- Follow Section 8 controls.
- Not be used to circumvent competitive requirements.

10.11 Procurement Review Checklist (Monthly)

Finance Manager shall verify:

☐ Threshold compliance
☐ Competitive documentation
☐ Cost analysis documentation
☐ No split transactions
☐ Conflict disclosures
☐ SAM verification present
☐ Administrative cap impact reviewed

10.12 Internal Control Statement

Procurement decisions follow this layered process:

Needs Identification → Competitive Process → Cost Analysis → Selection → Contract → Invoice Review → Payment → Reconciliation → Oversight

No individual may control all stages.

SECTION 11 - PROPERTY AND EQUIPMENT MANAGEMENT

(Applies to all equipment purchased in whole or in part with federal or state funds)

11.1 Purpose

This section establishes procedures for the acquisition, tracking, safeguarding, inventory, use, and disposition of equipment purchased with grant funds in accordance with:

- 2 CFR §200.313 (Equipment)
- 2 CFR §200.314 (Supplies)
- 2 CFR §200.303 (Internal Controls)

11.2 Definitions

Equipment – Tangible personal property with:

- Useful life of more than one year, AND
- Per-unit acquisition cost ≥ $5,000
  (or lower capitalization threshold if required by Fiscal Agent policy)

Supplies – Tangible personal property with per-unit cost < $5,000.

11.3 Acquisition Requirements

Before equipment purchase:

1. Procurement standards (Section 10) must be followed.
2. Budget availability must be confirmed.
3. Executive Director approval required for equipment purchases.
4. Funding source must be identified.
5. Equipment must be necessary for grant purposes.

Equipment purchases must not be made solely to exhaust remaining funds.

11.4 Equipment Inventory Record Requirements

The following information must be recorded in an Equipment Inventory Log:

- Description of equipment
- Serial number or identifying number
- Funding source
- FAIN (if applicable)
- Acquisition date
- Acquisition cost
- Location
- Condition
- Custodian
- Percentage of federal participation (if applicable)
- Disposition data (if disposed)

Inventory records must be maintained by the Finance Manager or designee.

11.5 Tagging and Identification

All equipment meeting capitalization threshold must:

- Be tagged with a unique identifier.
- Be labeled as federally funded (if required).
- Be recorded in inventory within 10 business days of receipt.

11.6 Safeguarding of Equipment

NRMRWDACB shall:

- Protect equipment from loss, theft, or misuse.
- Restrict access to authorized staff.
- Maintain secure storage for portable items.
- Report missing equipment immediately.

Lost or stolen equipment must be:

1. Reported to Executive Director.

2. Documented in writing.
3. Investigated.
4. Reported to funder if required.

11.7 Physical Inventory

A physical inventory must be conducted:

- At least once every two years.
- By staff independent of daily custody where possible.
- Compared to inventory log.

Discrepancies must be:

- Investigated.
- Documented.
- Corrected within 30 days.

Executive Director must review and sign off on inventory certification.

11.8 Use of Equipment

Equipment must:

- Be used for its intended program purpose.
- Be used for the federal program as long as needed.
- Not be used for personal purposes.
- Not be transferred without approval.

If no longer needed for original program, equipment may be used in other federally supported activities before disposition.

11.9 Disposition of Equipment

When equipment is no longer needed:

If current fair market value > $5,000:

- Federal agency may be entitled to its proportionate share.

- Disposition must follow federal guidance.

If ≤ $5,000:

- Equipment may be retained, sold, or disposed without further obligation.

Disposition must be documented.

11.10 Supplies Management

Supplies must:

- Be used only for grant purposes.
- Be tracked if sensitive (e.g., laptops).
- Be reasonably safeguarded.

If unused supplies exceed $5,000 at closeout:

- Federal share must be calculated and handled per 2 CFR §200.314.

11.11 Internal Control Statement

Equipment controls ensure:

Procurement → Recording → Tagging → Safeguarding → Inventory → Disposition Documentation → Oversight

This satisfies 2 CFR §200.313 and internal control standards.

SECTION 12 – FINANCIAL RECORD RETENTION AND DOCUMENT MANAGEMENT

12.1 Purpose

This section establishes standards for retention, storage, and access to financial records in accordance with:

- 2 CFR §200.334 (Retention Requirements)
- 2 CFR §200.337 (Access to Records)
- State retention requirements

12.2 Retention Period

Financial records must be retained for:

- Minimum three (3) years from the date of submission of the final expenditure report.

If:

- Audit findings exist,
- Litigation is pending,
- Monitoring review is unresolved,

Records must be retained until resolution.

12.3 Records Covered

Financial records include:

- General ledger
- Draw documentation
- Bank reconciliations
- Payroll records
- Timesheets
- Procurement files
- Contracts

- Subrecipient invoices
- Match documentation
- Obligation spreadsheets
- Financial reports (SF-425, etc.)
- Equipment inventory
- Purchasing card documentation

12.4 Storage Requirements

Records must be:

- Maintained securely.
- Protected from unauthorized access.
- Backed up electronically.
- Accessible for monitoring.

Electronic records must:

- Be password protected.
- Have restricted access.
- Be backed up regularly.

12.5 Access to Records

Federal and state officials must be granted access to:

- All financial records.
- Subrecipient documentation.
- Procurement files.
- Supporting documentation.

Access must be provided in a timely manner.

12.6 Record Destruction

After retention period:

- Records may be destroyed securely.
- Destruction must be documented.
- Destruction must be approved by Executive Director.

12.7 Internal Control Statement

Proper record retention ensures:

Audit defensibility → Monitoring readiness → Fraud prevention → Compliance with 2 CFR §200.334.

SECTION 13 - AUDIT, MONITORING, AND CORRECTIVE ACTION CONTROLS

13.1 Purpose

This section establishes procedures governing:

- Single Audit compliance
- External audit coordination
- Federal and state monitoring reviews
- Internal monitoring
- Corrective action planning
- Resolution of findings

This section complies with:

- 2 CFR Part 200 Subpart F (Audit Requirements)
- 2 CFR §200.332 (Subrecipient Monitoring)
- 2 CFR §200.303 (Internal Controls)

13.2 Single Audit Requirements

If NRMRWDACB expends $750,000 or more in federal funds in a fiscal year, a Single Audit shall be conducted in accordance with Subpart F.

The Fiscal Agent (NRVRC) is responsible for:

- Arranging the annual audit
- Providing auditor access to accounting records
- Preparing financial statements
- Coordinating fieldwork

NRMRWDACB is responsible for:

- Reviewing audit results
- Addressing findings
- Implementing corrective actions
- Providing oversight of resolution

13.3 Audit Preparation

Prior to audit:

Finance Manager shall:

☐ Reconcile all funding streams
☐ Verify obligation spreadsheet accuracy
☐ Confirm match tracking
☐ Confirm administrative caps
☐ Ensure procurement files complete
☐ Confirm timesheets are signed and approved
☐ Confirm draw reconciliation

Accounting Technician shall:

☐ Verify financial reports reconcile to ledger
☐ Confirm documentation completeness

Executive Director shall review audit readiness summary.

13.4 Monitoring Reviews (Federal and State)

NRMRWDACB may be subject to:

- Federal monitoring (e.g., USDOL)
- State monitoring (Virginia Works)
- Program-specific monitoring
- Fiscal reviews

Upon notification of monitoring:

1. Executive Director designates point of contact.
2. Finance Manager compiles requested documentation.
3. Fiscal Agent provides ledger and financial data.
4. Program Manager provides programmatic documentation.
5. All responses coordinated centrally.

13.5 Findings Classification

Findings may include:

- Questioned costs
- Internal control deficiencies
- Noncompliance findings
- Significant deficiencies
- Material weaknesses

Each finding must be:

- Logged
- Assigned a responsible party
- Assigned a correction deadline

13.6 Corrective Action Plan (CAP) Process

Upon receipt of finding:

1. Finance Manager drafts corrective action plan.
2. Program Manager provides input if program-related.
3. Fiscal Agent provides input if accounting-related.
4. Executive Director reviews and approves CAP.
5. CAP submitted to appropriate authority.

CAP must include:

- Root cause analysis
- Immediate corrective action
- Long-term prevention strategy
- Responsible party
- Completion timeline

13.7 Questioned Cost Resolution

If questioned cost is identified:

1. Finance Manager reviews documentation.
2. Additional documentation requested if needed.
3. If unallowable:
    - Cost must be repaid from non-federal funds.
    - Adjustment recorded by Fiscal Agent.
4. Documentation retained.

Executive Director must be notified of all questioned costs.

13.8 Tracking and Closure of Findings

Finance Manager shall maintain a Findings Log including:

- Finding description
- Source (audit, monitoring, internal review)
- Date identified
- Corrective action steps
- Responsible party
- Completion date
- Verification of correction

Findings remain open until formally closed.

Quarterly review of open findings required.

13.9 Internal Monitoring

NRMRWDACB shall conduct internal reviews including:

- Quarterly financial review
- Random purchasing card audits
- Subrecipient invoice sampling
- Match documentation review

- Payroll allocation review

Internal monitoring results must be documented.

13.10 Annual Internal Control Risk Assessment

NRMRWDACB shall conduct an annual internal fiscal risk assessment to evaluate:

- Segregation of duties effectiveness
- Procurement threshold compliance
- Subrecipient risk exposure
- Match sufficiency risk
- Administrative cap exposure
- Payroll allocation patterns
- Fraud risk indicators
- IT and data security controls (financial records)

The review shall be conducted by:

Finance Manager
Program Manager
Fiscal Agent representative
Executive Director

Results shall:

- Be documented in writing.
- Identify areas of vulnerability.
- Recommend corrective or strengthening actions.
- Be reviewed by Executive Director.
- Be reported to the Board or Finance Committee.

Corrective measures must be implemented within a reasonable timeframe.

13.11 Internal Monitoring Calendar

NRMRWDACB shall maintain an annual internal fiscal monitoring calendar identifying:

- Quarterly match reconciliation review

- Quarterly administrative cap review
- Quarterly payroll allocation review
- Annual procurement file sampling
- Annual subrecipient monitoring schedule
- Purchasing card quarterly spot checks
- Equipment physical inventory cycle
- Internal control risk assessment review

The monitoring calendar shall:

- Be updated annually.
- Be reviewed by Executive Director.
- Be retained for audit documentation.

13.12 Escalation of Noncompliance

If significant noncompliance is identified:

- Executive Director must be notified immediately.
- Corrective action must begin within 5 business days.
- If systemic issue, policy revision required.
- Board may be notified if material.

13.13 Whistleblower Protection

Employees reporting suspected fraud or misuse shall:

- Be protected from retaliation.
- Be allowed to report confidentially.
- Have reports documented and investigated.

Fraud allegations must be escalated appropriately.

13.14 Internal Control Statement

Audit and monitoring controls ensure:

Identification → Documentation → Corrective Action → Tracking → Executive Oversight → Closure

This structure supports compliance with Subpart F and demonstrates strong internal control environment.

SECTION 14 - FRAUD PREVENTION, FINANCIAL ETHICS, AND MISCONDUCT CONTROLS

14.1 Purpose

This section establishes standards for:

- Preventing fraud, waste, and abuse
- Promoting ethical conduct
- Detecting financial misconduct
- Investigating suspected irregularities
- Protecting whistleblowers
- Ensuring corrective and disciplinary action

This section supports compliance with:

- 2 CFR §200.303 (Internal Controls)
- 2 CFR §200.113 (Mandatory Disclosures)
- Federal False Claims Act principles
- Applicable state laws

14.2 Commitment to Ethical Stewardship

NRMRWDACB and its Fiscal Agent are committed to:

- Responsible stewardship of public funds
- Transparent financial practices
- Accountability at all levels
- Zero tolerance for fraud or misuse

All employees, officers, and agents must act with integrity in the administration of funds.

14.3 Definitions

Fraud – Intentional deception for personal gain or to cause loss to another.

Waste – Extravagant, careless, or needless expenditure.

Abuse – Improper use of funds or authority.

Financial Misconduct – Any violation of financial policies or federal regulations.

14.4 Examples of Prohibited Conduct

Examples include, but are not limited to:

- Falsifying timesheets
- Charging unallowable costs
- Altering invoices
- Approving one's own reimbursement
- Misuse of purchasing cards
- Conflict of interest in procurement
- Split purchases to avoid thresholds
- Submitting duplicate charges
- Intentional misallocation of funds
- Concealing over-expenditures

14.5 Prevention Controls

Fraud prevention is embedded throughout this manual via:

- Segregation of duties
- Multi-layer approval processes
- Obligation tracking
- Budget monitoring
- Procurement documentation
- Purchasing card review
- Payroll certification
- Reconciliation processes
- Audit oversight

- Random spot checks

These layered controls reduce opportunity for fraud.

14.6 Mandatory Disclosure

In accordance with 2 CFR §200.113:

NRMRWDACB must disclose, in a timely manner, to the appropriate federal agency or pass-through entity, any credible evidence of:

- Fraud
- Conflict of interest
- Bribery
- Gratuity violations
- False claims

Failure to disclose may result in:

- Suspension
- Debarment
- Financial penalties

Executive Director is responsible for disclosure coordination.

14.7 Reporting Suspected Misconduct

Suspected fraud or financial misconduct may be reported to:

- Executive Director
- Finance Manager
- Board Chair
- Fiscal Agent leadership
- Anonymous reporting channel (if applicable)

Reports may be made confidentially.

14.8 Investigation Procedures

Upon receipt of allegation:

1. Executive Director documents report.
2. Preliminary review conducted within 5 business days.
3. If credible:
    - Investigation initiated.
    - Fiscal Agent notified if relevant.
    - Board Chair notified if material.
4. Documentation gathered.
5. Findings documented.

If federal funds are implicated:

- Appropriate funder must be notified.

14.9 Interim Safeguards

During investigation:

- Access to financial systems may be restricted.
- Purchasing authority may be suspended.
- Payment processing may be temporarily reassigned.

These safeguards are preventive, not punitive.

14.10 Corrective and Disciplinary Actions

If misconduct is confirmed:

- Repayment of disallowed costs required.
- Disciplinary action may include:
    - Written warning
    - Suspension
    - Termination
- Referral to law enforcement if appropriate.

- Policy revision if systemic issue identified.

14.11 Protection Against Retaliation

Employees who report concerns in good faith:

- Shall not be retaliated against.
- Shall not suffer adverse employment consequences.
- Shall have protections consistent with federal whistleblower protections.

Retaliation itself constitutes policy violation.

14.12 Annual Ethics Review

Annually:

- Executive Director reviews fraud prevention procedures.
- Finance Manager reviews high-risk areas.
- Purchasing card trends reviewed.
- Procurement threshold compliance reviewed.

Documentation retained.

14.13 Internal Control Statement

Fraud prevention structure includes:

Policy → Segregation → Documentation → Monitoring → Investigation → Disclosure → Corrective Action

This layered structure supports compliance with Uniform Guidance and protects public funds.

SECTION 15 - SUBRECIPIENT VS. CONTRACTOR DETERMINATION

(Applies to all funding streams and procurement actions)

15.1 Purpose

This section establishes procedures for determining whether an external entity is classified as a:

- **Subrecipient**, or
- **Contractor**

This determination shall be made in accordance with:

- 2 CFR §200.331 (Subrecipient and Contractor Determinations)

Proper classification is critical because it determines:

- Applicable monitoring requirements
- Required contract clauses
- Risk assessment obligations
- Reporting responsibilities
- Audit requirements

Misclassification may result in audit findings or questioned costs.

15.2 Subrecipient Characteristics

An entity is considered a **subrecipient** when it:

- Receives a subaward to carry out part of a federal program.
- Determines participant eligibility.
- Has responsibility for programmatic decision-making.
- Uses federal funds to carry out a portion of the program.
- Is measured against program objectives.
- Has responsibility for adherence to federal program requirements.

Subrecipients are subject to:

- Risk assessment

- Subrecipient monitoring (Section 5)
- Subaward agreement with required federal flow-down provisions
- Single Audit requirements (if threshold met)

15.3 Contractor Characteristics

An entity is considered a **contractor** when it:

- Provides goods or services within normal business operations.
- Provides similar goods or services to multiple purchasers.
- Operates in a competitive environment.
- Is not responsible for programmatic decision-making.
- Is not subject to federal program compliance requirements beyond contract terms.

Contractors are subject to:

- Procurement standards (Section 10)
- Contract administration requirements
- Invoice review procedures

Contractors are not subject to subrecipient monitoring requirements.

15.4 Determination Procedure

Prior to issuing an agreement:

1. Program Manager identifies nature of service.
2. Finance Manager evaluates relationship characteristics.
3. Determination documented using Subrecipient vs Contractor Checklist.
4. Executive Director approves classification.
5. Appropriate agreement template used:
    - Subaward Agreement
    - Professional Services Contract
    - Vendor Contract

Determination must be documented in procurement file.

15.5 Risk Assessment for Subrecipients

If classified as a subrecipient:

NRMRWDACB must:

- Conduct pre-award risk assessment.
- Review prior audit findings.
- Evaluate financial stability.
- Determine monitoring frequency.
- Impose special conditions if necessary.

Risk level shall determine invoice review depth (see Section 5).

15.6 Documentation Requirements

Procurement file must include:

☐ Classification checklist
☐ Justification narrative
☐ Executive Director approval
☐ Appropriate agreement template
☐ Risk assessment (if subrecipient)

15.7 Ongoing Review

If scope of work changes:

- Classification must be re-evaluated.
- Documentation updated.
- Agreement modified if necessary.

15.8 Internal Control Statement

Proper classification ensures:

Correct agreement type → Correct monitoring → Correct audit treatment → Reduced compliance risk

This satisfies 2 CFR §200.331 requirements.

SECTION 16 - POLICY REVIEW, AMENDMENT, AND GOVERNANCE

16.1 Purpose

This section establishes procedures for:

- Reviewing this Financial Management and Procedures Manual
- Updating policies to reflect regulatory changes
- Ensuring continued compliance with federal and state requirements
- Maintaining institutional fiscal integrity

16.2 Authority

This manual is adopted by the NRMRWDACB and approved by the Executive Committee.

The Executive Director is responsible for:

- Implementation
- Oversight
- Enforcement
- Periodic review
- Recommending updates

16.3 Annual Review Requirement

At minimum, this manual shall be reviewed annually to ensure:

- Alignment with current Uniform Guidance
- Alignment with OMB updates
- Alignment with Virginia Works guidance
- Alignment with funder-specific requirements
- Incorporation of audit findings or monitoring recommendations

Annual review shall include:

- Finance Manager

- Program Manager
- Fiscal Agent representative
- Executive Director

Documentation of review must be retained.

16.4 Interim Updates

This manual may be updated when:

- Federal regulations change
- OMB procurement thresholds change
- Audit findings require modification
- Monitoring reviews identify deficiencies
- Organizational structure changes

Interim updates must:

- Be documented
- Be dated
- Be approved by Executive Director
- Be presented to Board at next scheduled meeting

16.5 Staff Training

Upon adoption or revision:

- Relevant fiscal staff must be trained.
- Program staff must be briefed on applicable changes.
- Purchasing card holders must receive updated guidance.
- Subrecipient monitoring staff must be updated.

Training must be documented.

16.6 Effective Date

This Financial Management and Procedures Manual shall become effective: January 1, 2026

This manual supersedes all prior financial management policies and procedures.

16.7 Severability

If any provision of this manual is found to be inconsistent with federal or state law:

- Applicable law shall control.
- Remaining provisions shall remain in effect.

16.8 Internal Control Commitment Statement

NRMRWDACB affirms its commitment to:

- Strong internal controls
- Transparent financial practices
- Compliance with Uniform Guidance
- Responsible stewardship of public funds
- Continuous improvement of fiscal systems

16.9 Board and Finance Committee Fiscal Oversight

The NRMRWDACB Board, through its Finance Committee (if applicable), shall provide fiscal oversight by:

- Reviewing quarterly financial summaries.
- Reviewing audit reports.
- Reviewing corrective action plans.
- Reviewing annual internal control risk assessment results.
- Reviewing match sufficiency status.
- Reviewing administrative cost rate compliance.

Board review shall be documented in meeting minutes.

This oversight structure reinforces fiduciary accountability and strengthens internal control governance.

SECTION 17 - MATCH TRACKING AND COST SHARE CONTROLS

(Applies to all funding streams requiring match or leveraged resources)

17.1 Purpose

This section establishes procedures for:

- Identifying allowable match sources
- Valuing cost-share contributions
- Tracking match obligations
- Preventing duplication of match
- Reconciling match quarterly
- Preventing match shortfalls

This section complies with:

- 2 CFR §200.306 (Cost Sharing or Matching)
- 2 CFR §200.403 (Allowability)
- Applicable funder-specific match requirements

17.2 Definition of Match

Match (Cost Share) is the portion of project costs not paid by federal funds and contributed by:

- NRMRWDACB
- Subrecipients
- Third parties
- Partners

Match may be:

- Cash
- In-kind
- Donated services
- Donated property

- Volunteer services

Match must be necessary and reasonable for program objectives.

17.3 Allowable Match Criteria

Match must:

- Be verifiable from records
- Not be included as match for another federal award
- Be necessary and reasonable
- Be allowable under Subpart E
- Be included in approved budget
- Be incurred during period of performance

Unallowable match must be removed and replaced.

17.4 Prohibited Match

The following may not be used as match:

- Costs paid by another federal award (unless specifically authorized)
- In-kind contributions lacking documentation
- Costs incurred outside period of performance
- Unallowable costs under 2 CFR Subpart E
- Double-counted expenditures

17.5 Types of Match and Valuation Methods

17.5.1 Cash Match

Cash contributions must:

- Be documented through accounting records
- Be traceable to specific funding stream
- Be included in ledger or documented via partner certification

17.5.2 Volunteer Services

Valuation must:

- Be consistent with rates paid for similar work
- Use prevailing wage if no internal equivalent
- Be documented via signed timesheets
- Include description of service provided

17.5.3 Donated Property or Equipment

Valuation must:

- Be based on fair market value
- Be documented with appraisal or comparable valuation
- Be recorded in match log

17.5.4 Third-Party Contributions

Must include:

- Signed certification letter
- Valuation documentation
- Description of contribution
- Date of contribution
- Funding stream identified

17.6 Match Tracking System

NRMRWDACB shall maintain a dedicated Match Tracking Spreadsheet that includes:

- Funding stream
- Match requirement percentage
- Total required match amount

- Cumulative match to date
- Match source
- Valuation method
- Supporting documentation reference
- Remaining match balance

Accounting Technician is primary match log custodian.

17.7 Quarterly Match Reconciliation

Quarterly:

Accounting Technician shall:

☐ Reconcile match spreadsheet to ledger
☐ Confirm documentation completeness
☐ Verify no duplication across grants
☐ Calculate percentage of match achieved

Finance Manager shall:

☐ Review reconciliation
☐ Confirm sufficiency of match
☐ Identify risk of shortfall

Executive Director shall review quarterly match summary.

17.8 Match Shortfall Mitigation

If match is below projected level:

1. Finance Manager documents shortfall risk.
2. Executive Director notified immediately.
3. Mitigation plan developed, which may include:
    - Increased partner contribution
    - Reallocation of allowable internal costs
    - Adjustment of spending pace
    - Budget modification if allowed

4. Quarterly follow-up required until resolved.

17.9 Subrecipient Match

If subrecipient is responsible for match:

- Match must be documented in subaward agreement.
- Match must be reported with invoice.
- Subject to invoice review procedures (Section 5).
- Subject to monitoring and risk assessment.

Failure to provide required match may result in:

- Withholding of funds
- Special conditions
- Repayment
- Contract modification

17.10 Closeout Match Verification

At grant closeout:

Finance Manager must verify:

☐ Required match percentage achieved
☐ All match documented
☐ No double counting
☐ Documentation retained

Match certification must be included in closeout file.

17.11 Internal Control Statement

Match controls include:

Documentation → Ledger Tracking → Quarterly Reconciliation → Executive Review → Closeout Certification

This layered process ensures compliance with 2 CFR §200.306.

APPENDIX A - POLICY CROSSWALK AND CONSOLIDATION MATRIX

Financial Management and Procedures Manual Implementation
Effective January 1, 2026

I. Purpose

This Policy Crosswalk documents the consolidation of previously adopted fiscal policies into the newly adopted Financial Management and Procedures Manual (Effective January 1, 2026).

This crosswalk ensures:

- Transparency in governance updates
- Elimination of duplication
- Clear supersession of outdated fiscal policies
- Alignment with 2 CFR Part 200 (Uniform Guidance)
- Consistent application across all funding streams

Unless otherwise noted, policies identified as "Superseded" are incorporated into the Financial Management and Procedures Manual and are no longer maintained as stand-alone documents.

II. CONSOLIDATED / SUPERSEDED POLICIES

The following policies are fully absorbed into the Financial Management and Procedures Manual and are hereby superseded as stand-alone policies effective January 1, 2026.

Former Policy Title	**Status**	**Incorporated Into**
Cost Allowability	Superseded	Part I – Cost Principles; Sections 4, 5, 10
Match and Leverage	Superseded	Section 17 – Match Tracking and Cost Share Controls
Procurement Policy	Superseded	Section 10 – Procurement Standards and Procedures

Former Policy Title	Status	Incorporated Into
Subrecipient Monitoring (Fiscal Components)	Superseded	Section 5; Section 13
Subrecipient vs. Contractor Determination	Superseded	Section 15
Transfer of Funds Policy (Fiscal Components)	Superseded	Section 7 – Budget Monitoring and Authority
Related-Entity Transactions and Costs	Superseded	Sections 10 and 14 (Procurement and Fraud Controls)
Internal Controls for Certification (Fiscal Components)	Superseded	Entire Financial Management and Procedures Manual
Revenue and Receipt Policy (if separate)	Superseded	Section 6 – Cash Drawdown and Revenue Recognition

These policies are archived for historical reference but are no longer active.

III. POLICIES RETAINED WITH FISCAL CROSS-REFERENCE

The following policies remain active but are revised to reference the Financial Management and Procedures Manual for fiscal controls.

Policy Title	Status	Fiscal Reference
Incentives	Retained (Revised)	Section 4 – Participant Financial Workflow
Needs Related Payments	Retained (Revised)	Section 4
Supportive Services – Documentation	Retained (Revised)	Section 4
Incumbent Worker Training	Retained (Revised)	Sections 3, 4, 10
Monitoring and Oversight (Programmatic)	Retained (Revised)	Section 13

Policy Title	Status	Fiscal Reference
General Terms and Conditions	Retained (Revised)	Entire Financial Manual governs fiscal procedures

IV. POLICIES REMAINING FULLY STAND-ALONE

The following policies remain separate and are not replaced by the Financial Management and Procedures Manual:

Governance and Ethics

- Conflict of Interest Policy
- Whistleblower and Fraud Reporting Policy
- One-Stop Operator Policy
- Infrastructure Funding Agreement (IFA)

Equal Opportunity and Legal Compliance

- Equal Opportunity and Nondiscrimination
- Non-Discrimination and General Grievance
- Processing Grievances and Complaints
- Protection of Personally Identifiable Information
- Selective Service Registration
- Priority of Service

Programmatic Policies

- Assessment
- Credential Attainment Policy
- Follow-Up Services
- Placement and Performance Accountability
- Youth and Young Adult Services
- On-the-Job Training
- Self-Sufficiency Wage

- Participant Files and Records Management

These policies govern programmatic, eligibility, or statutory compliance functions and are not replaced by the fiscal manual.

V. Governance Statement

Effective January 1, 2026:

The Financial Management and Procedures Manual supersedes all prior stand-alone fiscal management policies listed in Section II of this Crosswalk.

All fiscal operations shall be governed exclusively by the Financial Management and Procedures Manual unless a funding agency requires supplemental written procedures.

Board approval of the Financial Management and Procedures Manual constitutes formal adoption of this consolidation.

VI. Documentation and Archiving

Superseded policies shall:

- Be marked "Superseded Effective January 1, 2026."
- Be retained electronically for record history.
- Not be used for operational guidance after the effective date.

VII. Internal Control Assurance

This consolidation strengthens internal controls by:

- Eliminating conflicting fiscal procedures
- Standardizing oversight processes
- Centralizing Uniform Guidance compliance
- Improving monitoring readiness
- Enhancing audit defensibility

APPENDIX B – MASTER POLICY FRAMEWORK

Governance and Policy Structure

New River/Mount Rogers Workforce Development Board
Effective January 1, 2026

I. PURPOSE

The purpose of this Master Policy Framework is to:

- Establish the official policy structure of the New River/Mount Rogers Workforce Development Board (NRMRWDB).
- Define the relationship between governance policies, fiscal policies, and programmatic policies.
- Eliminate duplication across policy documents.
- Ensure compliance with federal, state, and local requirements.
- Provide a streamlined and organized policy architecture for monitoring and audit purposes.

This framework supersedes any prior informal or fragmented policy organization.

II. POLICY STRUCTURE OVERVIEW

Effective January 1, 2026, NRMRWDB policies are organized into three primary governance tiers:

1. **Tier I – Governance and Legal Compliance Policies**
2. **Tier II – Financial Management and Internal Control Policies**
3. **Tier III – Programmatic and Service Delivery Policies**

Each tier serves a distinct function within the organization's compliance and operational framework.

III. TIER I – GOVERNANCE AND LEGAL COMPLIANCE POLICIES

Tier I policies establish Board authority, legal compliance, ethics, civil rights protections, and statutory requirements.

These policies govern the conduct of Board members, staff, contractors, and partners.

A. Governance and Ethics

- Conflict of Interest Policy
- Whistleblower and Fraud Reporting Policy
- One-Stop Operator Policy
- Infrastructure Funding Agreement (IFA)
- Related Governance Resolutions

B. Equal Opportunity and Civil Rights Compliance

- Equal Opportunity and Nondiscrimination Policy
- Non-Discrimination and General Grievance Policy
- Processing Grievances and Complaints Policy
- Protection of Personally Identifiable Information Policy
- Selective Service Registration Policy
- Priority of Service Policy

Tier I policies are not replaced by the Financial Management and Procedures Manual and remain stand-alone governance documents.

IV. TIER II – FINANCIAL MANAGEMENT AND INTERNAL CONTROL POLICIES

Tier II is consolidated under a single comprehensive document:

Financial Management and Procedures Manual

Effective January 1, 2026

This manual governs:

- Internal controls
- Fiscal agent oversight
- Accounting system structure
- Obligation tracking
- Budget monitoring
- Participant financial workflows
- Subrecipient invoice review

- Procurement
- Purchasing card controls
- Payroll and time and effort
- Property and equipment
- Record retention
- Audit and corrective action
- Fraud prevention
- Subrecipient classification
- Match tracking
- Program income
- Cost allocation

The Financial Management and Procedures Manual supersedes prior stand-alone fiscal policies including:

- Cost Allowability
- Procurement Policy
- Match and Leverage
- Subrecipient Monitoring (Fiscal Components)
- Subrecipient vs Contractor Determination
- Transfer of Funds (Fiscal Components)
- Revenue and Receipt policies
- Fiscal Internal Controls documents

All fiscal operations must comply with the Financial Management and Procedures Manual.

No separate fiscal policy may conflict with the Manual.

V. TIER III – PROGRAMMATIC AND SERVICE DELIVERY POLICIES

Tier III policies govern eligibility determination, service delivery, case management, performance accountability, and program operations.

These policies reference the Financial Management and Procedures Manual for fiscal transactions.

A. Participant Services and Case Management

- Assessment Policy
- Supportive Services Documentation Policy
- Needs Related Payments Policy
- Follow-Up Services Policy
- Youth and Young Adult Services Policy
- Participant Files and Records Management Policy

B. Training and Employment Models

- On-the-Job Training Policy
- Incumbent Worker Training Policy
- Self-Sufficiency Wage Policy

C. Performance and Accountability

- Credential Attainment Policy
- Placement and Performance Accountability Policy

All programmatic policies must align with:

- Financial Management and Procedures Manual
- Uniform Guidance (2 CFR Part 200)
- Virginia Works guidance
- Applicable federal statutes

VI. POLICY HIERARCHY AND CONFLICT RESOLUTION

In the event of a conflict between policies:

1. Federal law shall control.
2. Uniform Guidance (2 CFR Part 200) shall control for fiscal matters.
3. The Financial Management and Procedures Manual shall control for fiscal processes.
4. Board-adopted governance policies shall control for governance matters.

5. Programmatic policies shall control service delivery matters.

No programmatic policy may authorize a fiscal action inconsistent with the Financial Management and Procedures Manual.

VII. POLICY REVIEW AND MAINTENANCE

All policies shall be reviewed:

- Annually at minimum.
- Upon regulatory change.
- Following audit or monitoring findings.
- When organizational structure changes.

The Executive Director is responsible for:

- Coordinating annual review.
- Recommending revisions.
- Ensuring cross-policy consistency.
- Maintaining the official Policy Index.

The Board shall approve all Tier I and Tier II policy changes.

VIII. ARCHIVING AND SUPERSESSION

Policies consolidated into the Financial Management and Procedures Manual shall:

- Be marked "Superseded Effective January 1, 2026."
- Be retained for historical reference.
- Not be used for operational guidance.

This Master Policy Framework serves as the official organizational index for all NRMRWDB policies.

IX. INTERNAL CONTROL AND GOVERNANCE ASSURANCE

This streamlined structure:

- Eliminates policy duplication.

- Strengthens internal control layering.
- Clarifies authority and responsibility.
- Improves monitoring readiness.
- Enhances audit defensibility.
- Supports institutional fiscal integrity.

X. EFFECTIVE DATE

This Master Policy Framework is effective January 1, 2026.