Community Services of Northeast Texas, Inc.

CALL TO ASSEMBLY

Please rise.

• Pledge of Allegiance (US)	*I pledge allegiance to the flag of the United States of America and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all.*
• Pledge of Allegiance (Texas)	*Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.*
• Community Action Promise	*Community Action changes people's lives, embodies the spirit of hope, improves communities, and makes America a better place to live. We care about the entire community, and we are dedicated to Helping People Help themselves and each other.*
• Our Mission	*CSNT applies all available strategies enabling Northeast Texas families to lead improved, empowered, and self-reliant lives.*
• Our Community Services Vision	*To be the leading organization in our region which empowers families to be self-reliant, educated, and healthy*
• Our Head Start Vision	*To provide a system of education and encouragement which results in school-readiness for young children and their families*

• Invocation

Board Meeting

Tuesday, August 29, 2023 @ 12:00 Noon
Houston Street Conference Room
304 E Houston St., Linden, Texas 75563
Dr. Arcolia Jenkins-Waters, Board Chairman
Michelle Morehead, CCAP, NCRT, NCRI, Executive Director
If you need assistance with physical accessibility to the meeting, please call 903-756-5596 x 201

1. Call Meeting to Order

2. Establishment of a Quorum

3. Approval of Agenda 08/29/23 *

4. Approval of Minutes 07/25/23*

5. Chairman's Comments and Recognitions

6. Training

  "Roles and Responsibilities" (OS 5.8)
  "Conflict of Interest" (OS 5.6)
  "Term and Term Limits of Board Members"
    Three of nine, seven-minute training videos - presented by Michelle Morehead

7. Committee Reports and Information
  A. Planning & Evaluation – No current report required
  B. Personnel –This committee should meet in July to approve job descriptions, pay scales, etc.,
              No current report required at this time.
  C. Finance –   No current report required
  D. Executive –This Committee meets only when necessary
  E. Nominating –Committee gets named. Committee will need to meet before September Meeting,
              and report as a motion to name the slate of Officers.
  F. By Laws- No current report

  The Chair may make changes to committee rosters and/or develop new committees.
    ** Nominating Committee gets named

 8. Action Items

  A. Seat new board member(s), if any*

  B. Approve Consent Agenda*

    1) Community Services Report……..………………… (OS 5.9)..……..…….....…Shirley Allen
    2) Head Start/EHS & PIR Reports…………………….. (OS 5.9)..…………………Berny Harris
    3) Human Resource Report…………………………….(OS 5.9)………..………….Charlotte Hall
    4) Payee Report……………………………………….. (OS 5.9) ………..…..……Savanah Coates
    5) Service & HS Transportation Reports…………….... (OS 5.9) ………..….……Tommy Hooper

  C. Discuss/Approve CSBG CAP (OS 1.1, 1.2)
  D. Discuss/Approve Annual Report (OS 2.3)

    E. **Discuss/Approve** CSBG CAP Update (OS 4.4, 9.3)
    F. **Discuss/Approve** Strategic Plan Update (OS 6.5, 9.3)
    G. **Discuss/Approve** Risk Assessment (OS 4.6)
    H. **Discuss/Approve** Bylaws Update (OS 5.4)
    I. **Discuss/Approve** Whistleblower Policy (OS 7.7)
    J. **Discuss/Approve** Organization Wide Budget (OS 8.9)
    K. **Discuss/Approve** Fiscal Policies- Finance Manual (OS 8.10)

9. Staff Reports

    1. Financial-1.2.3.4.5.6.7.8.9.10…….……………..……..… (OS 8.7) ….…....……..... Shelley Mitchell

10. Executive Director's Report

11. **Discussion Items**

    A. **Discuss** AEP Foundation Grant
    B. **CSBG Public Hearing**

12. **Audience Comments**

13. **Executive Session**

    The board will enter executive session pursuant to Section 551.001(1)(2)(3)(J), and Section
    551.074(1)(2) of the government codes

        1) Homelessness within CSNT, Inc.
        2) ED 30 day Performance Evaluation (OS 7.4)

    A. Consultation between the board and its attorney in those instances in which the board seeks the
    Attorney's advice with respect to pending or contemplated litigation, settlement offers, and other
    matters where the duty of the attorney to his client requires confidentiality
    B. Discussion with respect to the purchase, exchange, lease, or value or real property, negotiated
    contracts, and prospective gifts or donations to the organization, when such discussion, if made
    public, would have a detrimental effect on the negotiating position of the organization.
    C. Discussion with respect to matters involving the appointment, employment, evaluation,
    reassignment, duties, discipline, or dismissal of an officer or employee or to hear complaints or
    charges against such officer or employee, unless such officer or employee requests a public
    session.
    D. Discussion with respect to any matter specifically made confidential by law or regulation. Any
    other exception available by state law

14. **Required Action from Executive Session**

15. **Adjourn Board Meeting**

* Requires Board Vote

Community Services of Northeast Texas, Inc.
Board Meeting MINUTES
July 25, 2023
304 E Houston Street, Linden, Texas 75563

Board Members Present

Angela Thompson, Parliamentarian
　　Representing Bowie County, Poverty Sector

John Baxter
　　Representing Texana Bank, Private Sector

Cecelia Huff, Secretary
　　Representing Bowie County, Poverty Sector

Ross Hyde,
　　Representing State Representative, Gary VanDeaver, Public Sector

Harmony Roberson
　　Representing Cass County, Poverty Sector

Dr. Arcolia Jenkins, Board Chair
　　Representing Creating Opportunities in Marion County, Private Sector

Donna Early, Treasurer
　　Representing Cass County Judge Travis Ransom, Public Sector

Judge Doug Reeder, Vice-Chair
　　Morris County Judge, Public Sector

Board Members Absent

Megan Kirkland
　　Representing LEDC, Private Sector

Sandra Wright
　　Representing Marion County Judge Leward Lafleur, Public Sector

CALL TO ORDER

Arcolia Jenkins, Chairman called the meeting to order at 12:23 p.m.
Quorum: established eight of eleven, members present.

AGENDA

Motion: John Baxter, moved to accept the 7/25/2023 agenda
Second: Donna Early, Treasurer
All in favor voted aye, none opposed, the motion carried unanimously

MINUTES

Motion: Judge Reeder, moved to accept the 6/27/2023 minutes
Second: Ross Hyde
All in favor voted aye, none opposed, the motion carried unanimously

CHAIRMAN'S COMMENTS AND RECOGNITIONS

Chair Jenkins recognized former Executive Director Dan Boyd and she and the Board Thanked him for his years of service with CSNT. Dan Boyd responded with how long Ms. Jenkins has been on the board and worked with him. He commented that he has never had a bad board, and appreciated the time he had with CSNT. He said that retirement is treating him well.

TRAINING / PRESENTATIONS

"Roles and Responsibilities of a Community Action Agency Board Chair" – this will be two or nine seven-minute training videos for Board – Michelle Morehead (This had to be postponed due to lack of technical requirements to present)

COMMITTEE REPORTS

   A. Planning & Evaluation – No current report required
   B. Personnel – No Current report required
   C. Finance – No Current report required
   D. Executive – The Executive Committee met Wednesday, July 19, to screen applicants for the position of Executive Director. Judge Reeder, Vice-Chair, said the committee's recommendation would be presented to the entire board in Executive Session.
   E. Nominating – No current report required
   F. By Laws – No current report required

   The Chair may make changes to committee rosters/develop new committees.

Action Items

A. Seat New Board Member(s)

None

B. Approve Consent Agenda*

1) Community Services Report……..…… (OS 5.9)…..……....…Michelle Morehead
2) Head Start/EHS & PIR Reports………. (OS 5.9)..……………………Berny Harris
3) Human Resource Report ……………(OS5.9)………..………..…Charlotte Hall
4) Payee Report…………………………. (OS 5.9) ………..…..……Savanah Coates
5) Service & HS Transportation Reports… (OS 5.9) ………..….……Tommy Hooper

Motion: Judge Reeder, Vice-Chair
Second: Angela Thompson, Parliamentarian
All items reviewed and when asked, the Board stipulated that no further discussion was needed on the consent agenda and no items were requested to be removed.
All in favor voted aye, none opposed, the motion carried unanimously

C. Discuss/Approve Resolution for Bank Account for TBRA Contracts
1. Persons with Disabilities
2. Disaster Relief

Motion: Donna Early, Treasurer
Second: Angela Thompson, Parliamentarian
All in favor voted aye, none opposed, the motion carried unanimously

D. Discuss/Approve Policy 705 – Personal Appearance and Dress Code

Motion: Judge Reeder, Vice-Chair made a motion to accept as presented
Second: Harmony Roberson
All in favor voted aye, none opposed, the motion carried unanimously

9. Staff Reports

A. Financial-1.2.3.4.5.6.7.8.9.10…..…….…… (OS 8.7) ….…....……..... Shelley Mitchell

10. Executive Director's Report

Interim Executive Michelle Morehead addressed CSNT's current Board Vacancies and the importance of compliance with the By-laws. Currently there are two vacancies, one of which has been vacant so long CSNT is in non-compliance as directed by our funding sources.
Judge Reeder has shared two possible parties of interest for the poverty sector. The LK-Kildare Superintendent is interested in either sector and would like to have a Senior attend occasionally for exposure to "Board Meetings." The Private Sector was

addressed regarding LEDC and their appointee. The Board could choose another entity to occupy this position. Further discussion will be held at the next meeting.

Ms. Morehead shared the experience and some of what she learned from attending the CAPLAW conference. I will have Alma send out the presentations.

- Some topics were the relationship with the Board Chair
- CAPLAW, and Legislature updates
- Community Action Boards and Internal controls
- Board Recruitment and Changes
- Deminimus Cost Rate (Indirect Cost Rate) we have been doing this for two years There will be more on ICP by the September Board meeting.

Charlotte Hall will be recognized for CCAP in Atlanta, GA. I will go along for training that is offered for "New Executive Directors," should I be given that opportunity today.

CSNT is having their Annual Staff Training Meeting July 31. We are excited about having Shawn and Cheryl Brown attending. They are an awesome Motivational Team who promotes fun and motivation that will instill new ideas for classrooms, as well as motivate case management.

Last, I would like to address homelessness and just how close it is within our own Agency. My question for you to think about is, if a CSNT employee was homeless, what would you want to do? I would like to address this at our next board meeting in an Executive Session.

11. Discussion Items

1. Notification of Head Start Monitoring Report and OHS Monitoring Report – 06CH011282

AUDIENCE COMMENTS

None

EXECUTIVE SESSION

The board will enter executive session pursuant to Section 551.001(1)(2)(3)(J), and section 551.074(1)(2) of the government code.

Motion to enter Executive Session at 1:19pm: Angela Thompson, Parliamentarian
Second: Judge Reeder, Vice-Chairman

1. Approve Executive Director Recommendation from July 19, 2023, Executive Committee meeting
2. Discuss Executive Director Salary (OS 7.5)

Motion to exit Executive Session at 1:37pm: Judge Reeder, Vice-Chairman
Second: Angela Thompson, Parliamentarian

a. Consultation between the board and its attorney in those instances in which the board seeks the Attorney's advice with respect to pending or contemplated litigation, settlement offers, and other matters where the duty of the attorney to his client requires confidentiality.

b. Discussion with respect to the purchase, exchange, lease, or value or real property, negotiated contracts, and prospective gifts or donations to the organization, when such discussion, if made public, would have a detrimental effect on the negotiating position of the organization.

c. Discussion with respect to matters involving the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of an officer or employee or to hear complaints or charges against such officer or employee, unless such officer or employee requests a public session.

d. Discussion with respect to any matter specifically made confidential by law or regulation. Any other exception available by state law.

REQUIRED ACTION FROM EXECUTIVE SESSION

Motion: John Baxter made a motion to approve the hiring of Michelle Morehead as Executive Director for Community Services of Northeast Texas, Inc. discussed in Executive Session.
Second: Donna Early, Treasurer
All in favor voted aye, none apposed, the motion carried unanimously

ADJOURN

Motion: John Baxter motioned to adjourn at 1:41pm
Second: Donna Early, Treasurer
Hearing no descent, adjournment passed.

Approved by: _____, on _____, 2023
          (Board Secretary)   (Date)

Board Minutes Organizational Standards Checklist:

Is there an attorney on the board?   X Yes ☐ No
Is a contract in place for an attorney: Yes X No
Is there an early child expert on the board? X Yes ☐ No
Is there a finance expert on the board?   X Yes ☐ No

Organizational Standard 1.1

Number of low-income persons participating: Three (3)
Is Policy Council represented? X Yes ☐ No
Is the Policy Council representative low-income?   X Yes ☐ No
Were minutes submitted from advisory groups?   ☐ Yes X No
Were minutes submitted from committee meetings? X Yes   No
Were any of the following discussed during the meeting?
Recruitment documents   Yes X No
Solicitation materials   Yes X No
Final board membership list   X Yes   No
Did a low-income person participate in the development of services?   X Yes   No
Did a low-income person participate in the provision of services?   ☐ Yes X No
Did a low-income person participate in the needs assessment process?   ☐ Yes X No

Organizational Standard 1.3
The organization has a systematic approach for collecting, analyzing, and reporting customer satisfaction data to the board.   September 27, 2022

Organizational Standard 2.3

The organization communicates its activities and its results to the community.
CSNT Annual Report published Date: August 23, 2022

Organizational Standard 3.5

Did the Board formally accept the Community Assessment? X Yes No   Date July 27.2021

Organizational Standard 4.1

The governing board has reviewed the organization's mission statement within the past 5 years and assured that:
         1.   The mission statement addresses poverty; and
         2.   The organization's programs and services are aligned with the mission.
             X Yes No   Date: October 26, 2021

Organizational Standard 4.4

The governing board receives an annual update on the success of specific strategies included in the Community Action plan. Date August 23, 2022

Organizational Standard 5.1

Is the Board structured in compliance with the CSBG Act? Yes
Total number of Board seats = 12

Total number of democratically elected representatives of the low-income community = Four (4) (must be at least 4) <mark>X NO</mark>

Total number of local elected officials = Four (4) (must be exactly 4) X Yes
Total number of members from major groups and interests in the community = Four (4) (must be the remainder) Yes X <mark>NO</mark>

Organizational Standard 5.2

Does the Board have written procedures that document a democratic selection process for low-income board members adequate to assure that they are representative of the low-income community? X Yes ☐ No

Where is it? Bylaws – Article V – Section 3

Organizational Standard 5.3

The organization's bylaws have been reviewed by an attorney within the past five years.
 X Yes ☐ No   Date: September 29, 2021

Organization Standard 5.4

The organization documents that each governing board member has received a copy of the bylaws within the past two years. X Yes ☐ No   Date April 26, 2022

Organizational Standard 5.8

Governing board members have been provided with training on their duties and responsibilities within the past two years. X Yes ☐ No Date: July 27, 2021

Organizational Standard 5.9

The organization's governing board receives programmatic reports at each regular board meeting.
        X Jan X Feb X Mar X Apr X May X June X July X Aug X Sept X Oct X Nov X Dec

Organizational Standard 6.1

The organization has an agency-wide strategic plan in place that has been approved by the governing board within the past five years. X Yes   No   Date: September 29,2021

Organizational Standard 6.5

The governing board has received and update(s) on progress meeting the goals of the strategic plan within the past 12 months. X Yes   No   Date: September 27, 2022

Organizational Standard 7.1

The organization has written personnel policies that have been reviewed by an attorney and approved by the governing board with the past five years.
X Yes ☐ No   Date: September 29, 2021

Organizational Standard 7.2

The organization makes available the employee handbook (or personnel policies in cases without a handbook) to all staff and notifies staff of any changes.
X Yes ☐ No   Date: August 5, 2022

Organizational Standard 7.3

The organizational has written job descriptions for all positions, which have been updated with the past five years. X Yes ☐ No   Date: October 26, 2019

Organizational Standard 7.4

Performance appraisal of Executive Director   Yes X No   Date: August 23, 2022

Organizational Standard 7.5

Reviews and approves Executive Director Salary X Yes ☐ No   Date: June 27, 2023

Organizational Standard 7.6

The organization has a policy in place for regular written evaluation of employees by their supervisors. X Yes ☐ No   Date: October 22, 2019

Organizational Standard 7.7

The Organization has a whistleblower policy that has been approved by the governing board.
X Yes ☐ No   Date: October 22, 2019

Organizational Standard 7.8

All staff participate in a new employee orientation within 60 days of hire.
X Yes ☐ No (Human Resources keeps a spreadsheet)

Organizational Standard 7.9

The organization conducts or makes available staff development/training (including ROMA) on an ongoing basis.   X Yes

ROMA Training for 12 staff	Sept 05, 2019
What Children & Young People Say	April 20, 2020
Making Sense of Ourselves	April 23, 2020
Facilitating Group Discussions	April 24, 2020
Microbes-Friend or Foe	April 27, 2020

Organizational Standard 8.1

The organization's annual audit (or audited financial statements) is completed by a Certified Public Accountant on time in accordance with Title 2 of the Code of Federal Regulations, Uniform Administrative Requirements, Cost Principles, and Audit Requirement (if applicable) and/or State audit.   X Yes ☐   Date December 5 -December 7, 2022

Organizational Standard 8.2

All findings from the prior year's annual audit have been assessed by the organization and addressed where the governing board has deemed it appropriate.
☐ Yes   Date NO FINDINGS

Organizational Standard 8.3

The organization's auditor presents the audit to the governing board via zoom.
X Yes   Date February 28, 2023

Organizational Standard 8.4

The governing board formally receives and accepts the audit.
X Yes   Date February 28, 2023

Organizational Standard 8.5

The organization has solicited bids for its audit within the past five (5) years.
X Yes Year 2021

Organizational Standard 8.6

The IRS Form 990 is completed annually and made available to the governing board for review.
X Yes   Date February 28, 2023

Organizational Standard 8.7

The governing board receives financial reports at each regular meeting that include the following: 1) Organization-wide report on revenue and expenditures that compares budget to actual, categorized by program; and 2) Balance sheet/statement of financial position.

X Jan	X April	X July	X October
X Feb	X May	X Aug	X November
X Mar	X June	X Sept	X December

Organizational Standard 8.8

All required filings and payments related to payroll withholdings are completed on time.
X   Yes   No   -   checked and verified by Jim Howard, Payroll Coordinator

Organizational Standard 8.9

The governing body annually approves an organization-wide budget.
X   Yes   No   -   September 27, 2022

Organizational Standard 9.1

The organization has a system or systems in place to track and report client demographics and services customers receive. X Yes No   Shah Software

Organizational Standard 9.2

The organization has a system or systems in place to track family, agency, and/or community outcomes. X Yes No   Shah Software

Organizational Standard 9.3

The organization has presented to the governing board for review or action, at least within the past 12 months, an analysis of the agency's outcomes and any operational or strategic program adjustments and improvements identified as necessary. X Yes   No

Organizational Standard 9.4

The organization submits its annual CSBG Information Survey Data Report and it reflects client demographics and organization-wide outcomes.   X Yes   No   Annual Report to TDHCA

Community Services of Northeast Texas, Inc

Serving Bowie, Camp, Cass, Delta, Franklin, Hopkins, Lamar, Marion, Morris, Rains, Red River, & Titus Counties

Safeguarding Against Conflict of Interest

What is "conflict of interest"?

When the personal or professional concerns of a board member or a staff member affect his or her ability to put the welfare of the organization before personal benefit, *conflict of interest* exists. Nonprofit board members are likely to be affiliated with many organizations in their communities, both on a professional and a personal basis, so it is not unusual for actual or potential conflict of interest to arise.

Why must boards be concerned about conflict of interest?

Board service in the nonprofit sector carries with it important ethical obligations. Nonprofits serve the broad public good, and when board members fail to exercise reasonable care in their oversight of the organization they are not living up to their public trust. In addition, board members have a legal responsibility to ensure the prudent management of an organization's resources. In fact, they may be held liable for the organization's actions. A 1974 court decision known as the "Sibley Hospital Case" set a precedent by confirming that board members can be held legally liable for conflict of interest because it constitutes a breach of their fiduciary responsibility.

Does conflict of interest only involve financial accountability?

No. Conflict of interest relates broadly to ethical behavior, which includes not just legal issues but considerations in every aspect of governance. A recent statement by INDEPENDENT SECTOR, a Washington, D.C based coalition of more than 800 nonprofit organizations encouraging philanthropy, volunteering, nonprofit initiative and citizen action, describes three levels of ethical behavior:

1. Obeying the law
2. Decisions where the right action is clear, but one is tempted to take a different course
3. Decisions that require a choice among competing options

The third level of behavior can pose especially difficult ethical dilemmas for nonprofit board members.

What can we do to prevent conflict-of-interest situations?

Self-monitoring is the best preventive measure. Implement a system of checks and balances to circumvent actual or potential conflict of interest, beginning with well-defined operating policies on all matters that might lead to conflict. Most important, create a carefully written conflict-of-interest policy based on the needs and circumstances of the organization. Ask each board and staff member to agree in writing to uphold the policy. A conflict of interest policy should be reviewed regularly as part of board self-assessment.

What should be included in a conflict of interest policy?

A policy on conflict of interest has three essential elements:

• *Full disclosure* - Board members and staff members in decision-making roles should make known their connections with groups (or individuals) doing business with the organization.This information should be provided annually.

• *Board member abstention from discussion and voting* - Board members who have an actual or potential conflict of interest should not participate in discussions or vote on matters affecting transactions between the organization and the other group.

• *Staff member abstention from decision-making* - Staff members who have an actual or potential conflict should not be substantively involved in decision-making affecting such transactions.

Examples of Actual and Potential Conflict of Interest

1. Organization policy requires competitive bidding on purchases of more than $1, 000, but a printing firm owned by a board member's spouse receives the $25,000 contract for the annual report; no other bids are solicited. Situations like this one are difficult to explain to the media or community at large, especially since they went against a stated organizational policy requiring competitive bids.

2. A board member serves on two boards in the same community and finds herself in the position of approaching the same donors on behalf of both organizations. Although many board members solicit donations for multiple causes, especially in small communities, the appearance of a conflict can be alleviated if the board member is upfront about her position with both the funder and fellow board members. It might be helpful for her to be accompanied by another representative of each organization on fund raising visits - doing so will emphasize the purpose of the particular visit.

Can an organization contract with a board member for professional services, such as legal counsel or accounting?

Attorneys, accountants, and other professionals can contribute valuable expertise to a board. At the very least, a board member who is associated with a firm competing for a contract should abstain from discussion and voting in the selection process. If a competitive bidding process results in the selection of that board member's firm, he or she should disclose the affiliation and abstain from voting on future board actions connected with that firm's contract with the organization.

For its part, the board must be realistic about its expectations should it contract with a board member or his/her firm. If the work is pro bono, the board must consider whether or not it will get the same quality pro bono as it would if it paid for the work. The board must also hold a fellow board member (or his/her firm) to the same standards it would an outside entity.

Further Reading: The BBB Wise Giving Alliance recommends standards for nonprofit management and governance, including dealing with conflict of interest. For more information visit www.bbb.org/us/charity/.

MONTHLY BOARD REPORT

AUGUST, 2023

COMMUNITY SERVICES OF NORTHEAST TEXAS

COMMUNITY SERVICES DIVISION

COMMUNITY SERVICES BLOCK GRANT

Our Community Services Block Grant (CSBG), Transition out of Poverty (TOP) Program, is currently serving 38 individuals (11 households). Our goal is to transition 17 individuals to self-reliance by the end of 2023. Six of the 17 have met that goal so far this year.

CSBG total expenditures for client-based services for the month of July, 2023, is: $4086.91.

TEXAS VETERANS COMMISSION GRANT

CSNT was awarded the Texas Veterans Commission Grant effective July, 2023. The Veterans Grant is a $300,000 grant.

Total expenditures for the current period from 07/01/23 through 07/31/23 and for the current year are: $4047.49.

CEAP/LIHWAP

For the month of July, 2023, our CEAP Supplemental Grand has paid $90,287.84.

LIHWAP has paid $15,217.39 for the month of July, 2023.

TENANT BASED RENTAL ASSISTANCE (TBRA)

Our Tenant Based Rental Assistance Program has been renewed for three years as of June 20, 2023. We are actively serving 46 households and 86 individuals.

Total expenses for the current period from 07/01/23 through 07/31/23 are: $43,471.50.

CSNT Head Start Director's Report PY04/FY23

August Report/July Data
How Are We Doing?

HEAD START Attendance - July 2023

- ✓ **NA** Actual Enrollment (Under/Over - 0 Student(s)) – Funded **465**

- ✓ **NA%** Disability Students – **10%** Target

- ✓ **NA%** Average Daily Attendance

HEAD START NFS/Indirect Costs/Admin Expenses Rate

- ✓ **$928,177** NFS Collected - **$1,018,201** NFS Needed

- ✓ **$225,733** Indirect Costs Collected

- ✓ **11%** Admin Expense Rate

HEAD START CACFP Meals/Reimbursements

- ✓ **$0** Reimbursed This Month **- $73,281** Reimbursed This Year

- ✓ **NA** days of Service **– 0** Meals Served

Listen with Curosity
Speak with Honesty
Act with Integrity

HEAD START Quality Assurance

- ✓ **NA** Files Reviewed/**NA** Classrooms Observed

- ✓ **NA** Incomes Verified/**NA** Interviews/**NA** Community Contacts

- ✓ **Self-Assessment** – 4 Findings/4 Corrections/0 Remaining

- ✓ **Annual Detailed Monitoring** – **7** Findings/**7** Corrections/**0**

ANNOUNCEMENTS:
2023-2024 School Year has started
Completing NEW School Year tasks

CSNT Early Head Start Director's Report PY04/FY23

August Report/July Data
How Are We Doing?

EARLY HEAD START Attendance - July 2023

- ✓ **NA** Actual Enrollment (Under/Over - 0 Student(s)) – Funded **465**

- ✓ **NA%** Disability Students – **10%** Target

- ✓ **NA%** Average Daily Attendance

EARLY HEAD START NFS/Indirect Costs/Admin Expenses Rate

- ✓ **$14,384** NFS Collected - **$60,785** NFS Needed

- ✓ **$16,511** Indirect Costs Collected

- ✓ **11%** Admin Expense Rate

HEAD START CACFP Meals/Reimbursements

- ✓ **$0** Reimbursed This Month **- $10,337** Reimbursed This Year

- ✓ **NA** days of Service **– 0** Meals Served

Listen with Curosity
Speak with Honesty
Act with Integrity

HEAD START Quality Assurance

- ✓ **NA** Files Reviewed/**NA** Classrooms Observed

- ✓ **NA** Incomes Verified/**NA** Interviews/**NA** Community Contacts

- ✓ **Self-Assessment** – 4 Findings/4 Corrections/0 Remaining

- ✓ **Annual Detailed Monitoring** – **7** Findings/**7** Corrections/**0**

ANNOUNCEMENTS:
2023-2024 School Year has started
Completing NEW School Year tasks

2022-2023 HEAD START PROGRAM INFORMATION REPORT
06CH011282 Community Services Of Northeast Texas, Inc.

Grant Level Summary Report - 125 Programs

GRANT INFORMATION

Agency Information

Agency Name	Community Services Of Northeast Texas, Inc.
Agency Address	124 N Main St Linden TX 75563-5210
Agency Phone Number	(903) 756 5596 - 211
Agency Fax Number	(903) 756 7294
Head Start Director Name	Ms. Bernadette Harris
Head Start Director Email	berny.harris@csntexas.org
Agency Web Site Address	http://www.csntexas.org

Program Type

a. Head Start	1
b. Early Head Start	1
c. Migrant Head Start	0

Agency Description

a. Grantee that Directly Operates Program(s) and has no Delegates.	2
b. Grantee that Directly Operates Programs and Delegates Service Delivery.	0
c. Grantee that Maintains Central Office Staff Only and Operates no Program(s) Directly.	0
d. Delegate Agency.	0
e. Grantee that Delegates all of its Programs; It Operates no Programs Directly and Maintains no Central Office Staff.	0

Number of Delegate Agencies

a. Reported by the grant holder	0
b. Actual number of delegate reports marked as complete	0

Agency Type

a. Community Action Agency (CAA)	2
b. School System	0
c. Private/Public Non-Profit (Non-CAA) (e.g., church or non-profit hospitals)	0
d .Private/Public For-Profit (e.g., for-profit hospitals)	0
e. Government Agency (Non-CAA)	0
f. Tribal Government or Consortium (American Indian/Alaska Native)	0

Agency Affiliation

a. A secular or non-religious agency	2
b. A religiously affiliated agency or organization providing essentially secular services	0

A. PROGRAM INFORMATION

FUNDED INFORMATION

Funded enrollment by funding source

A.1 Funded Enrollment:	# of children / pregnant women
a. Head Start/Early Head Start Funded Enrollment, as identified on the NOA that captures the greatest part of the program year	481
b. Funded Enrollment from non-federal sources, i.e., state, local, private	0
c. Funded Enrollment from the MIECHV Grant Program using the Early Head Start home visiting model	0

Funded enrollment by program option

A.2 Center-based option	# of slots
a. Number of slots equal to or greater than 1,020 annual hours for Head Start preschool children or 1,380 annual hours for Early Head Start infants and toddlers	481
1. Of these, the number that are available for the full-working-day and full-calendar-year	0
b. Number of slots with fewer than 1,020 annual hours for Head Start preschool children or 1,380 annual hours for Early Head Start infants and toddlers	0
1. Of these, the number that are available for 3.5 hours per day for 128 days	0
2. Of these, the number that are available for a full working day	0
A.3 Home-based option	0
A.4 Family child care option	0
A.5 Locally designed option	0
	# of pregnant women slots
A.6 Pregnant women slots	0

Funded slots at child care partner

	# of slots
A.7 Total number of slots in the center-based or locally designed option	481
a. Of these, the total number of slots at a child care partner	0
A.8 Total funded enrollment at child care partners (includes center-based, locally designed, and family child care program options)	0

CLASSES IN CENTER-BASED

	# of classes
A.9 Total number of center-based classes operated	28
a. Of these, the number of double session classes	0

CUMULATIVE ENROLLMENT

Children by Age

A.10 Children by age:	# of children at enrollment
a. Under 1 year	1
b. 1 year old	7
c. 2 years old	15
d. 3 years old	248
e. 4 years old	270
f. 5 years and older	0
g. Total cumulative enrollment of children	541

Pregnant women

	# of pregnant women
A.11 Cumulative enrollment of pregnant women	0

Total cumulative enrollment

	# of children / pregnant women
A.12 Total cumulative enrollment	541

Primary type of eligibility

A.13 Report each enrollee only once by primary type of eligibility:	# of children / pregnant women
a. Income at or below 100% of federal poverty line	227
b. Public assistance (TANF, SSI, and SNAP)	158
c. Foster care	19
d. Homeless	29
e. Eligibility based on other type of need, but not counted in A.13.a through d	49
f. Incomes between 100% and 130% of the federal poverty line, but not counted in A.13.a through e	59

Prior enrollment

A.15 Enrolled in Head Start or Early Head Start for:	# of children
a. The second year	134
b. Three or more years	11

Transition and turnover

	# of children
A.16 Total number of preschool children who left the program any time after classes or home visits began and did not re-enroll	64
a. Of the preschool children who left the program during the program year, the number of preschool children who were enrolled less than 45 days	11

	# of preschool children
A.17 Of the number of preschool children enrolled in Head Start at the end of the current enrollment year, the number projected to be entering kindergarten in the following school year	239

Transition and turnover

	# of children
A.18 Total number of infants and toddlers who left the program any time after classes or home visits began and did not re-enroll	1
a. Of the infants and toddlers who left the program above, the number of infants and toddlers who were enrolled less than 45 days	0
b. Of the infants and toddlers who left the program during the program year, the number who aged out of Early Head Start	0
1. Of the infants and toddlers who aged out of Early Head Start, the number who entered a Head Start program	0
2. Of the infants and toddlers who aged out of Early Head Start, the number who entered another early childhood program	0
3. Of the infants and toddlers who aged out of Early Head Start, the number who did not enter another early childhood program	0

	# of pregnant women
A.19 Total number of pregnant women who left the program after receiving Early Head Start services but before the birth of their infant, and did not re-enroll	0
A.20 Number of pregnant women receiving Early Head Start services at the time their infant was born	0
a. Of the pregnant women enrolled when their infant was born, the number whose infant was subsequently enrolled in the program	0
b. Of the pregnant women enrolled when their infant was born, the number whose infant was not subsequently enrolled in the program	0

Attendance

	# of children
A.22 The total number of children cumulatively enrolled in the center-based or family child care program option	541
a. Of these children, the number of children that were chronically absent	278
1. Of the children chronically absent, the number that stayed enrolled until the end of enrollment	219

Child care subsidy

	# of children
A.24 The number of enrolled children for whom the program and/or its partners received a child care subsidy during the program year	0

Ethnicity and race

A.25 Race and ethnicity # of children / pregnant women	(1) Hispanic or Latino origin	(2) Non-Hispanic or Non-Latino origin
a. American Indian or Alaska Native	0	1
b. Asian	0	6
c. Black or African American	9	266
d. Native Hawaiian or other Pacific Islander	0	0
e. White	25	153
f. Bi-racial/Multi-racial	7	38
g. Other	36	0

	# of children / pregnant women
h. Unspecified ethnicity or race	0

Primary language of family at home

A.26 Primary language of family at home:	# of children
a. English	509
1. Of these, the number of children acquiring/learning another language in addition to English	14
b. Spanish	29
c. Native Central American, South American, and Mexican Languages	0
d. Caribbean Languages	0
e. Middle Eastern & South Asian Languages	0
f. East Asian Languages	3
g. Native North American/Alaska Native Languages	0
h. Pacific Island Languages	0
i. European & Slavic Languages	0
j. African Languages	0
k. American Sign Language	0
l. Other	0
m. Unspecified	0

Dual language learners

	# of children
A.27 Total number of Dual Language Learners	46

Transportation

	# of children
A.28 Number of children for whom transportation is provided to and from classes	140

B. PROGRAM STAFF & QUALIFICATIONS

TOTAL STAFF

Staff by type

	(1) *# of Head Start or Early Head Start staff*	*(2)* *# of contracted staff*
B.1. Total number of staff members, regardless of the funding source for their salary or number of hours worked - Head Start/Early Head Start Staff	97	21
a. Of the total staff, the number who are current or former Head Start parents - Head Start/Early Head Start Staff	50	3

TOTAL VOLUNTEERS

Volunteers by type

	# of volunteers
B.2 Number of persons providing any volunteer services to the program during the program year	521
a. Of these, the number who are current or former Head Start or Early Head Start parents	494

EDUCATION AND CHILD DEVELOPMENT STAFF

Preschool classroom and assistant teachers (HS and Migrant programs)

	(1) *# of classroom teachers*	(2) *# of assistant teachers*
B.3 Total number of preschool education and child development staff by position	26	26
Of the number of preschool education and child development staff by position, the number with the following:		
a. Of the number of preschool education and child development staff by position, the number with the following: An advanced degree in: • early childhood education or • any field and coursework equivalent to a major relating to early childhood education, with experience teaching preschool-age children	2	0
b. Of the number of preschool education and child development staff by position, the number with the following: A baccalaureate degree in one of the following: • early childhood education • any field and coursework equivalent to a major relating to early childhood education with experience teaching preschool-age children or • any field and is part of the Teach for America program and passed a rigorous early childhood content exam	24	0
c. Of the number of preschool education and child development staff by position, the number with the following: An associate degree in: • early childhood education or • a field related to early childhood education and coursework equivalent to a major relating to early childhood education with experience teaching preschool-age children	0	3
d. Of the number of preschool education and child development staff by position, the number with the following: A Child Development Associate (CDA) credential or state-awarded certification, credential, or licensure that meets or exceeds CDA requirements	0	17
1. Of these, a CDA credential or state-awarded certification, credential, or licensure that meets or exceeds CDA requirements and that is appropriate to the option in which they are working	0	17
e. Of the number of preschool education and child development staff by position, the number with the following: None of the qualifications listed in B.3.a through B.3.d	0	6

Preschool classroom teachers program enrollment

	# of classroom teachers
B.4 Total number of preschool classroom teachers that do not meet qualifications listed in B.3.a or B.3.b	0
a. Of these preschool classroom teachers, the number enrolled in a degree program that would meet the qualifications described in B.3.a or B.3.b	0

Preschool classroom assistant teachers program enrollment

	# of assistant teachers
B.5 Total number of preschool assistant teachers that do not have any qualifications listed in B.3.a through B.3.d	6

	# of assistant teachers
a. Of these preschool assistant teachers, the number enrolled in a degree, certification, credential, or licensure program that would meet one of the qualifications listed in B.3.a through B.3.d.	6

Infant and toddler classroom teachers (EHS and Migrant programs)

	# of classroom teachers
B.6 Total number of infant and toddler classroom teachers	4
Of the number of infant and toddler classroom teachers, the number with the following:	
1. Early childhood education with a focus on infant and toddler development or 2. Any field and coursework equivalent to a major relating to early childhood education, with experience teaching infants and/or toddlers	0
1. Early childhood education with a focus on infant and toddler development or 2. Any field and coursework equivalent to a majorrelating to early childhood education with experience teaching infants and/or toddlers.	0
1. Early childhood education with a focus on infant and toddler development or 2. A field related to early childhood education andcoursework equivalent to a major relating to early childhood education with experience teaching infants and/or toddlers	2
d. A Child Development Associate (CDA)credential or state-awarded certification, credential, or licensure that meets or exceeds CDArequirements	2
1. Of these, a CDA credential or state-awarded certification, credential, or licensure that meets or exceeds CDA requirements and that is appropriate to the option in which theyare working	0
e. None of the qualifications listed in B.6.a through B.6.d	0

	# of classroom teachers
B.7 Total number of infant and toddler classroom teachers that do not have any qualifications listedin B.6.a through B.6.d	0
a. Of these infant and toddler classroom teachers, the number enrolled in a degree, certification, credential, or licensure program that would meet one of the qualifications listed in B.6.a through B.6.d.	0

Home visitors and family child care provider staff qualifications

	# of home visitors
B.8 Total number of home visitors	0
a. Of these, the number of home visitors that have a home-based CDA credential or comparable credential, or equivalent coursework as part of an associate's, baccalaureate, or advanced degree	0
b. Of these, the number of home visitors that do not meet one of the qualifications described in B.8.a.	0
1. Of the home visitors in B.8.b, the number enrolled in a degree or credential program that would meet a qualification described in B.8.a.	0

	# of family child care providers
B.9 Total number of family child care providers	0
a. Of these, the number of family child care providers that have a Family Child Care CDA credential or state equivalent, or an associate, baccalaureate, or advanced degree in child development or early childhood education	0
b. Of these, the number of family child care providers that do not meet one of the qualifications described in B.9.a.	0

	# of family child care providers
1. Of the family child care providers in B.9.b, the number enrolled in a degree or credential program that would meet a qualification described in B.9.a.	0

	# of child development specialists
B.10 Total number of child development specialists that support family child care providers	0
a. Of these, the number of child development specialists that have a baccalaureate degree in child development, early childhood education, or a related field	0
b. Of these, the number of child development specialists that do not meet one of the qualifications described in B.10.a.	0
1. Of the child development specialists in B.10.b, the number enrolled in a degree or credential program that would meet a qualification described in B.10.a.	0

Ethnicity and race

B.13 Race and Ethnicity # of non-supervisory education and child development staff	(1) Hispanic or Latino origin	(2) Non-Hispanic or Non-Latino origin
a. American Indian or Alaska Native	0	1
b. Asian	0	0
c. Black or African American	0	29
d. Native Hawaiian or other Pacific Islander	0	0
e. White	5	18
f. Biracial/Multi-racial	2	1
g. Other	0	0

	# of non-supervisory education and child development staff
h. Unspecified ethnicity or race	0

Language

	# of non-supervisory education and child development staff
B.14 The number who are proficient in a language(s) other than English.	4
a. Of these, the number who are proficient in more than one language other than English	0

B.15 Language groups in which staff are proficient:	# of non-supervisory education and child development staff
a. Spanish	4
b. Native Central American, South American, and Mexican Languages	0
c. Caribbean Languages	0
d. Middle Eastern and South Asian Languages	0
e. East Asian Languages	0
f. Native North American/Alaska Native Languages	0
g. Pacific Island Languages	0
h. European and Slavic Languages	0
i. African Languages	0
j. American Sign Language	0
k. Other	0
l. Unspecified	0

STAFF TURNOVER

All staff turnover

	(1) # of Head Start or Early Head Start staff	(2) # of contracted staff
B.16 Total number of staff who left during the program year (including turnover that occurred while the program was not in session, e.g., summer months)	16	6
a. Of these, the number who were replaced	10	4

Education and child development staff turnover

	# of staff
B.17 The number of teachers, preschool assistant teachers, family child care providers, and home visitors who left during the program year (including turnover that occurred while classes and home visits were not in session, e.g., during summer months)	16
a. Of these, the number who were replaced	10
b. Of these, the number who left while classes and home visits were in session	0
c. Of these, the number that were teachers who left the program	6
B.18 Of the number of education and child development staff that left, the number that left for the following primary reason:	# of staff
a. Higher compensation	2
1. Of these, the number that moved to state pre-k or other early childhood program	1
b. Retirement or relocation	3
c. Involuntary separation	3
d. Other (e.g., change in job field, reason not provided)	8

	# of staff
B.19 Number of vacancies during the program year that remained unfilled for a period of 3 months or longer	2

C. CHILD & FAMILY SERVICES

HEALTH SERVICES

Health insurance - children

	(1) *# of children at enrollment*	(2) *# of children at end of enrollment*
C.1 Number of all children with health insurance	506	391
a. Of these, the number enrolled in Medicaid and/or CHIP	454	347
b. Of these, the number enrolled in state-only funded insurance (e.g., medically indigent insurance), private insurance, or other health insurance	52	44
C.2 Number of children with no health insurance	35	150

Health insurance - pregnant women

	(1) *# of pregnant women at enrollment*	(2) *# of pregnant women at end of enrollment*
C.3 Number of pregnant women with at least one type of health insurance	0	0
a. Of these, the number enrolled in Medicaid	0	0
b. Of these, the number enrolled in state-only funded insurance (e.g., medically indigent insurance), private insurance, or other health insurance	0	0
C.4 Number of pregnant women with no health insurance	0	0

Medical

Accessible health care - children

	(1) *# of children at enrollment*	(2) *# of children at end of enrollment*
C.5 Number of children with an ongoing source of continuous, accessible health care provided by a health care professional that maintains the child's ongoing health record and is not primarily a source of emergency or urgent care	487	385
a. Of these, the number of children that have accessible health care through a federally qualified Health Center, Indian Health Service, Tribal and/or Urban Indian Health Program facility	0	0

Accessible health care - pregnant women

	(1) *# of pregnant women at enrollment*	(2) *# of pregnant women at end of enrollment*
C.6 Number of pregnant women with an ongoing source of continuous, accessible health care provided by a health care professional that maintains their ongoing health record and is not primarily a source of emergency or urgent care	0	0

Medical services - children

	(1) **# of children at enrollment**	(2) **# of children at end of enrollment**
C.7 Number of children who are up-to-date on a schedule of age-appropriate preventive and primary health care, according to the relevant state's EPSDT schedule for well child care	68	423

	# of children
C.8 Number of children diagnosed with any chronic condition by a health care professional, regardless of when the condition was first diagnosed	52
a. Of these, the number who received medical treatment for their diagnosed chronic health condition	50

b. Specify the primary reason that children with any chronic condition diagnosed by a health care professional did not receive medical treatment:	**# of children**
1. No medical treatment needed	1
2. No health insurance	0
3. Parents did not keep/make appointment	0
4. Children left the program before their appointment date	0
5. Appointment is scheduled for future date	1
6. Other	0

C.9 Number of children diagnosed by a health care professional with the following chronic condition, regardless of when the condition was first diagnosed:	**# of children**
a. Autism spectrum disorder (ASD)	1
b. Attention deficit hyperactivity disorder (ADHD)	0
c. Asthma	3
d. Seizures	1
e. Life-threatening allergies (e.g., food allergies, bee stings, and medication allergies that may result in systemic anaphylaxis)	4
f. Hearing Problems	1
g. Vision Problems	45
h. Blood lead level test with elevated lead levels >5 g/dL	0
i. Diabetes	0

Body Mass Index (BMI) - children (HS and Migrant programs)

C.10 Number of children who are in the following weight categories according to the 2000 CDC BMI-for-age growth charts	**# of children at enrollment**
a. Underweight (BMI less than 5th percentile for child's age and sex)	41
b. Healthy weight (at or above 5th percentile and below 85th percentile for child's age and sex)	303
c. Overweight (BMI at or above 85th percentile and below 95th percentile for child's age and sex)	72
d. Obese (BMI at or above 95th percentile for child's age and sex)	95

Immunization services - children

	(1) *# of children at enrollment*	(2) *# of children at end of enrollment*
C.11 Number of children who have been determined by a health care professional to be up-to-date on all immunizations appropriate for their age	500	501
C.12 Number of children who have been determined by a health care professional to have received all immunizations possible at this time, but who have not received all immunizations appropriate for their age	9	2
C.13 Number of children who meet their state's guidelines for an exemption from immunizations	18	20

Medical services - pregnant women (EHS programs)

C.14 Indicate the number of pregnant women who received the following services while enrolled in EHS:	*# of pregnant women*
a. Prenatal health care	0
b. Postpartum health care	0
c. A professional oral health assessment, examination, and/or treatment	0
d. Mental health interventions and follow-up	0
e. Education on fetal development	0
f. Education on the benefits of breastfeeding	0
g. Education on the importance of nutrition	0
h. Education on infant care and safe sleep practices	0
i. Education on the risks of alcohol, drugs, and/or smoking	0
j. Facilitating access to substance abuse treatment (i.e., alcohol, drugs, and/or smoking)	0

Prenatal health - pregnant women (EHS programs)

C.15 Trimester of pregnancy in which the pregnant women served were enrolled:	*# of pregnant women*
a. 1st trimester (0-3 months)	0
b. 2nd trimester (3-6 months)	0
c. 3rd trimester (6-9 months)	0
C.16 Of the total served, the number whose pregnancies were identified as medically high risk by a physician or health care provider	0

Oral health

Accessible dental care - children

	(1) *# of children at enrollment*	(2) *# of children at end of enrollment*
C.17 Number of children with continuous, accessible dental care provided by an oral health care professional which includes access to preventive care and dental treatment	473	376

Preschool dental services (HS and Migrant programs)

	# of children at end of enrollment
C.18 Number of children who received preventive care during the program year	287
C.19 Number of all children, including those enrolled in Medicaid or CHIP, who have completed a professional dental examination during the program year	307
a. Of these, the number of children diagnosed as needing dental treatment during the program year	23
1. Of these, the number of children who have received or are receiving dental treatment	14
b. Specify the primary reason that children who needed dental treatment did not receive it:	# of children
1. Health insurance doesn't cover dental treatment	0
2. No dental care available in local area	0
3. Medicaid not accepted by dentist	0
4. Dentists in the area do not treat 3 – 5 year old children	0
5. Parents did not keep/make appointment	9
6. Children left the program before their appointment date	0
7. Appointment is scheduled for future date	0
8. No transportation	0
9. Other	0

Infant and toddler preventive dental services (EHS and Migrant programs)

	# of children at end of enrollment
C.20 Number of all children who are up-to-date according to the dental periodicity schedule in the relevant state's EPSDT schedule	17

Mental health consultation

	# of staff
C.21 Total number of classroom teachers, home visitors, and family child care providers	30
a. Indicate the number of classroom teachers, home visitors, and family child care providers who received assistance from a mental health consultant through observation and consultation	0

DISABILITIES SERVICES

IDEA eligibility determination

	# of children
C.22 The total number of children referred for an evaluation to determine eligibility under the Individuals with Disabilities Education Act (IDEA) during the program year	25
a. Of these, the number who received an evaluation to determine IDEA eligibility	5
1. Of the children that received an evaluation, the number that were diagnosed with a disability under IDEA	3
2. Of the children that received an evaluation, the number that were not diagnosed with a disability under IDEA	2
1. Of these children, the number for which the program is still providing or facilitating individualized services and supports such as an individual learning plan or supports described under Section 504 of the Rehabilitation Act.	0
b. Of these, the number who did not receive an evaluation to determine IDEA eligibility	20

C.23 Specify the primary reason that children referred for an evaluation to determine IDEA eligibility did not receive it:	# of children
a. The responsible agency assigned child to Response to Intervention (RTI)	0
b. Parent(s) refused evaluation	1
c. Evaluation is pending and not yet completed by responsible agency	11
d. Other	1

Preschool disabilities services (HS and Migrant programs)

	# of children
C.24 Number of children enrolled in the program who had an Individualized Education Program (IEP), at any time during the program year, indicating they were determined eligible by the LEA to receive special education and related services under the IDEA	56
a. Of these, the number who were determined eligible to receive special education and related services:	# of children
1. Prior to this program year	15
2. During this program year	41
b. Of these, the number who have not received special education and related services	0

Infant and toddler Part C early intervention services (EHS and Migrant programs)

	# of children
C.25 Number of children enrolled in the program who had an Individualized Family Service Plan (IFSP), at any time during the program year, indicating they were determined eligible by the Part C Agency to receive early intervention services under the IDEA	2
a. Of these, the number who were determined eligible to receive early intervention services:	# of children
1. Prior to this program year	1
2. During this enrollment year	1
b. Of these, the number who have not received early intervention services under IDEA	0

Preschool primary disabilities (HS and Migrant programs)

C.26 Diagnosed primary disability:	(1)
	  # of children determined to have this disability
		(2)
		  # of children receiving special services

a. Health impairment (i.e., meeting IDEA definition of "other health impairment")	0	0
b. Emotional disturbance	0	0
c. Speech or language impairments	47	47
d. Intellectual disabilities	0	0
e. Hearing impairment, including deafness	0	0
f. Orthopedic impairment	0	0
g. Visual impairment, including blindness	0	0
h. Specific learning disability	0	0
i. Autism	3	3
j. Traumatic brain injury	0	0
k. Non-categorical/developmental delay	6	6
l. Multiple disabilities (excluding deaf-blind)	0	0
m. Deaf-blind	0	0

EDUCATION AND DEVELOPMENT TOOLS/APPROACHES

Screening

	# of children
C.27 Number of all newly enrolled children since last year's PIR was reported	398
C.28 Number of all newly enrolled children who completed required screenings within 45 days for developmental, sensory, and behavioral concerns since last year's PIR was reported	291
a. Of these, the number identified as needing follow-up assessment or formal evaluation to determine if the child has a disability	43

FAMILY AND COMMUNITY PARTNERSHIPS

Number of families

	# of families at enrollment
C.34 Total number of families:	512
a. Of these, the number of two-parent families	185
b. Of these, the number of single-parent families	327

C.35 Of the total number of families, the number in which the parent/guardian figures are best described as:	# of families at enrollment
a. Parent(s) (e.g., biological, adoptive, stepparents)	479
1. Of these, the number of families with a mother only (biological, adoptive, stepmother)	311
2. Of these, the number of families with a father only (biological, adoptive, stepfather)	15
b. Grandparents	21
c. Relative(s) other than grandparents	4
d. Foster parent(s) not including relatives	8
e. Other	0

Parent/guardian education

C.36 Of the total number of families, the highest level of education obtained by the child's parent(s) / guardian(s):	# of families at enrollment
a. An advanced degree or baccalaureate degree	106
b. An associate degree, vocational school, or some college	63
c. A high school graduate or GED	275
d. Less than high school graduate	68

Employment, Job Training, and School

C.37 Total number of families in which:	# of families at enrollment
a. At least one parent/guardian is employed, in job training, or in school at enrollment	367
1. Of these families, the number in which one or more parent/guardian is employed	365
2. Of these families, the number in which one or more parent/guardian is in job training (e.g., job training program, professional certificate, apprenticeship, or occupational license)	65
3. Of these families, the number in which one or more parent/guardian is in school (e.g., GED, associate degree, baccalaureate, or advanced degree)	65
b. Neither/No parent/guardian is employed, in job training, or in school at enrollment (e.g., unemployed, retired, or disabled)	145

C.38 Total number of families in which:	# of families at end of enrollment
a. At least one parent/guardian is employed, in job training, or in school at end of enrollment	370
1. Of these families, the number of families that were also counted in C.37.a (as having been employed, in job training, or in school at enrollment)	359
2. Of these families, the number of families that were also counted in C.37.b (as having not been employed, in job training, or in school at enrollment)	11
b. Neither/No parent/guardian is employed, in job training, or in school at end of enrollment (e.g., unemployed, retired, or disabled)	141
1. Of these families, the number of families that were also counted in C.37.a	7
2. Of these families, the number of families that were also counted in C.37.b	134

C.39 Total number of families in which:	# of families at enrollment
a. At least one parent/guardian is a member of the United States military on active duty	7
b. At least one parent/guardian is a veteran of the United States military	15

Federal or other assistance

	(1) # of families at enrollment	(2) # of families at end of enrollment
C.40. Total number of families receiving any cash benefits or other services under the Federal Temporary Assistance to Needy Families (TANF) Program	9	7
C.41. Total number of families receiving Supplemental Security Income (SSI)	49	35
C.42. Total number of families receiving services under the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	136	127
C.43. Total number of families receiving benefits under the Supplemental Nutrition Assistance Program (SNAP), formerly referred to as Food Stamps	257	188

Family services

C.44 The number of families that received the following program service to promote family outcomes:	# of families
a. Emergency/crisis intervention (e.g., meeting immediate needs for food, clothing, or shelter)	19
b. Housing assistance (e.g., subsidies, utilities, repairs)	8
c. Asset building services (e.g., financial education, debt counseling)	129
d. Mental health services	9
e. Substance misuse prevention	2
f. Substance misuse treatment	6
g. English as a Second Language (ESL) training	17
h. Assistance in enrolling into an education or job training program	80
i. Research-based parenting curriculum	446
j. Involvement in discussing their child's screening and assessment results and their child's progress	482
k. Supporting transitions between programs (i.e., EHS to HS, HS to kindergarten)	460
l. Education on preventive medical and oral health	483
m. Education on health and developmental consequences of tobacco product use	160
n. Education on nutrition	496
o. Education on postpartum care (e.g., breastfeeding support)	7
p. Education on relationship/marriage	16
q. Assistance to families of incarcerated individuals	3
C.45 Of these, the number of families who were counted in at least one of the services listed above	498

Father engagement

C.46 Number of fathers/father figures who were engaged in the following activities during this program year:	# of father/ father figures
a. Family assessment	128
b. Family goal setting	128
c. Involvement in child's Head Start child development experiences (e.g., home visits, parent-teacher conferences, etc.)	141
d. Head Start program governance, such as participation in the Policy Council or policy committees	11
e. Parenting education workshops	30

Homelessness services

	# of families
C.47 Total number of families experiencing homelessness that were served during the enrollment year	41

	# of children
C.48 Total number of children experiencing homelessness that were served during the enrollment year	41

	# of families
C.49 Total number of families experiencing homelessness that acquired housing during the enrollment year	2

Foster care and child welfare

	# of children
C.50 Total number of enrolled children who were in foster care at any point during the program year	26
C.51 Total number of enrolled children who were referred to Head Start/Early Head Start services by a child welfare agency	8

D. GRANT LEVEL QUESTIONS

INTENSIVE COACHING

	# of education and child development staff
D.1 The number of education and child development staff (i.e., teachers, preschool assistant teachers, home visitors, family child care providers) that received intensive coaching	22

	# of coaches
D.2 The number of individuals that provided intensive coaching, whether by staff, consultants, or through partnership	1

EDUCATION MANAGEMENT STAFF QUALIFICATIONS

	# of education managers/coordinators
D.4 Total number of education managers/coordinators	3
a. Of these, the number of education manager/coordinators with a baccalaureate or advanced degree in early childhood education or a baccalaureate or advanced degree and equivalent coursework in early childhood education with early education teaching experience	3
b. Of these, the number of education manager/coordinators that do not meet one of the qualifications in D.4.a	0
1. Of the education manager/coordinators in D.4.b, the number enrolled in a program that would meet a qualification described in D.4.a	0

FAMILY SERVICES STAFF QUALIFICATIONS

	# of family services staff
D.5 Total number of family services staff:	17
a. Of these, the number that have a credential, certification, associate, baccalaureate, or advanced degree in social work, human services, family services, counseling, or a related field	17
b. Of these, the number that do not meet one of the qualifications described in D.5.a	0
1. Of the family services staff in D.5.b, the number enrolled in a degree or credential program that would meet a qualification described in D.5.a.	0
2. Of the family services staff in D.5.b, the number hired before November 7, 2016	0

FORMAL AGREEMENTS FOR COLLABORATION

	# of partners or agencies
D.6 Total number of child care partners in which a formal agreement was in effect	0
D.7 Total number of LEAs in the service area	8
a. Of these, the total number of LEAs in which a formal agreement was in effect to coordinate services for children with disabilities	8
b. Of these, the total number of LEAs in which a formal agreement was in effect to coordinate transition services	8
D.8 Total number of Part C agencies in the service area	0
a. Of these, the total number of Part C agencies in which a formal agreement was in effect to coordinate services for children with disabilities	0

HR Report

Augst 2023

Headcount

Headcount as of 8/15/2023 is 101

New Hires

One teacher for Atlanta; One teacher for Daingerfield; One FSW for Texarkana

Terms

Campus Director, FSW, TA , Assistant Campus Director, four inactive Subs

Vacancies

FSW in Texarkana, Custodian in New Boston, Transportation/Facilities Maintennce, Assistant Campus Director at Hughes Springs

Demographics

- Baby Boomers
- Gen X
- Gen Y
- Gen Z

Baby Boomers 30%
Gen X 39%
Gen Y 28%
Gen Z 3%
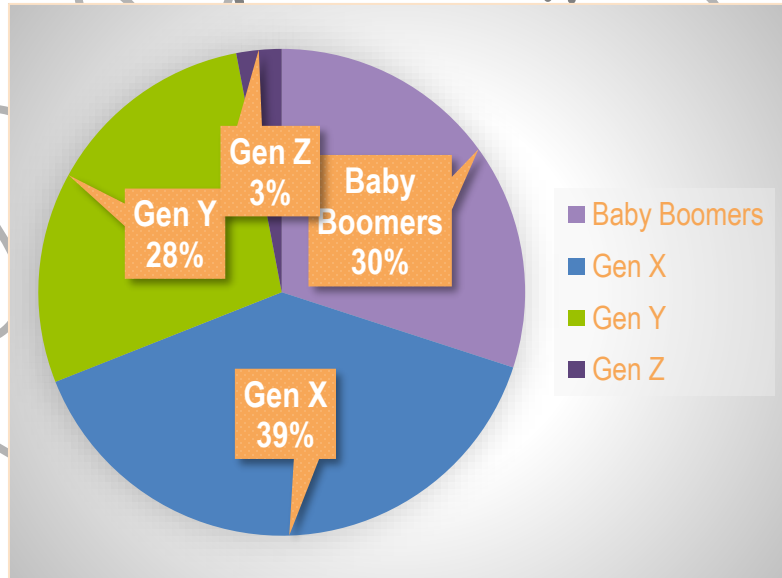
PL Hours

436.76 hours for the month

LWOP

42.25 hours for the month

Sub Hours

21 hours for the month

Savings

$429.98 for the month

Payee Services Report

Month of: July 2023

Number of beneficiaries:		7
Total Funds Received:	$	6,719.00
Total Expenses Managed:	$	7,316.28
MONTHLY total on hold for Beneficiaries:	$	(597.28)
TOTAL on hold for Beneficiaries:	$	2,073.38

Expenditures

Rent:	$	1,682.00
Utilities:	$	140.00
Food:	$	-
Medical:	$	-
Other:	$	1,085.28
Transfer for beneficiary use:	$	4,045.00
	$	7,316.28
Total collected for FFS:	$	364.00

Interest Earned:	$	4.01

Monthly Vehicle Cost Summary

Sep-22

By Program

	Fuel	Repairs	
TBRA	-	-	
CSBG	542.31	6.50	
CEAP	-	-	
TXHAF	667.55	-	
			1,216.36

By Location

	Fuel	Repairs	
Jefferson	332.01	-	
Linden	825.67	6.50	
Linden Shop	-	-	
Daingerfield	52.18	-	
	-	-	1,216.36

By Vehicle

#	Fuel	Repairs	Total	Location
801	-	-	-	Linden Shop
838	49.00	6.50	55.50	Linden
880	615.37	-	615.37	Linden
881	-	-	-	Linden
882	51.39	-	51.39	Linden
883	-	-	-	Linden Shop
884	-	-	-	Linden
885	52.18	-	52.18	Daingerfield
886	332.01	-	332.01	Jefferson
887	40.27	-	40.27	Linden
888	69.64	-	69.64	Linden
889	109.87	-	109.87	Mt.Pleasant
890	231.20	-	231.20	Linden

Service Department Report
AUGUST,2023

Service Department

Department makeup
       3 full time employees
       0 temporary employees
       0 Head Start employees under temporary supervision.

Head Start Transportation

Cost per child to transport:

Transportation Costs:

	Children	Staff		Children	Staff
Vehicle Maintenance cost (Campus)			YTD =		
Vehicle Maintenance cost (Buses)			YTD =		
Vehicle Maintenance cost (Exec. Office)			YTD =		
Vehicle fuel cost (Gas Campus)		$39.10	YTD =		$1,225.70
Vehicle fuel cost (Exec. Office)		$632.10	YTD =		$6,211.84
Vehicle fuel cost (Buses)		$0.00	YTD =		$804.90
Vehicle insurance cost (Buses)	$1,106.58		YTD =	$9,959.58	
Vehicle driver cost buses	$2,454.62		YTD =	$22,091.62	
Total transportation cost:	$3,561.20	$671.20			
Total number transported:	27				

Programs operated and counties served:

Head Start
Operated in four counties

| Bowie | Camp | Cass | | | | | | | Morris | | | |

Early Head Start
Operated in one county

| | | Cass | | | | | | | | | | |

Children/Adult Care Food Program
Operated in four counties

| Bowie | Camp | Cass | | | | | | | Morris | | | |

Community Services Block Grant
Operated in twelve counties

| Bowie | Camp | Cass | Delta | Franklin | Hopkins | Lamar | Marion | Morris | Rains | Red River | Titus |

Comprehensive Energy Assistance Program
Operated in twelve counties

| Bowie | Camp | Cass | Delta | Franklin | Hopkins | Lamar | Marion | Morris | Rains | Red River | Titus |

Food Banks
Operated in four counties

| | Camp | Cass | | | | | Marion | | | | Titus |

Salvation Army
Operated in two counties

| | | Cass | | | | | Marion | | | | |

Tenant Based Rental Assistance
Operated in twelve counties

| Bowie | Camp | Cass | Delta | Franklin | Hopkins | Lamar | Marion | Morris | Rains | Red River | Titus |

Targeting Local Communities (TLC)
Operated in twelve counties

| Bowie | Camp | Cass | Delta | Franklin | Hopkins | Lamar | Marion | Morris | Rains | Red River | Titus |

Veterans Services Now
Operated in nineteen counties

Bowie Camp Cass Delta Franklin Gregg Harrison Hopkins Lamar Marion Morris Panola Rains Red River Rusk Smith Titus Upshur Wood

Offices, occupied buildings, and locations of operation in the following cities:

Atlanta
Bloomburg
Naples
Daingerfield
Pittsburg

Hughes Springs
Linden
New Boston
Texarkana
Jefferson

Mt Pleasant

Community Services of Northeast Texas, Inc. currently employs 113 employees. The total payroll for
fiscal year ending September 30, 2022 was $4 million.

CSNT, Inc. currently operates in 11 locations in a fourteen county area. Eight of the locations operate
the Head Start program. Early Head Start is provided at one of the nine Head Start locations. CSNT has the ability to provide certain services in additional counties.

Revenue

Federal Awards

Head Start	$	3,841,482
Early Head Start		204,231
Community Services Block Grant		355,061
Community Services Block Grant - CARES		17,902
Community Services Block Grant - DISCRETIONARY		29,529
Comprehensive Energy Assistance Program		5,100,619
Comprehensive Energy Assistance Program - CARES		206
Comprehensive Energy Assistance Program - ARP		2,832,431
LIHWAP		46,866
Tenant Based Rental Assistance Program		198,943
SS Administration		37,708
Fee-for-service contracts		
Veterans Services Now		235,033
USDA-CACFP		128,804
Private & State Funds		
Salvation Army		1,239
Targeting Local Communities		7,727
Cash Donations		1,013
In-kind donations		1,570,739
Total revenue all categories	$	14,609,534

Community Services of Northeast Texas, Inc. is a 501(c)3 charity, and as such retains no earnings
from Federal awards, and all revenues are expended according to federal, state, and local regulations.

Expenditures

	Head Start	Early Head Start	CSBG	CEAP	All others	Org. Total
Personnel	1,954,505	121,598	119,581	291,919	476,798	2,964,400
Fringe Benefits	481,536	47,961	44,535	79,501	55,167	708,700
Travel	2,428	0	3,465	5,523	16,976	28,392
Equipment[1]	155,265	18,590	35,247	2,798	-125,741	86,160
Supplies[2]	203,689	18,184	21,351	8,490	8,936	260,650
Contractual services[3]						
Other (rent, utilities, operating expenses)[4]	2,708,171	35,835	178,313	7,545,024	-167,939	10,299,403
Direct assitance services to, or on behalf of clients	5,505,594	242,168	402,492	7,933,256	264,197	14,347,705

[1] For Head Start, this line item includes vehicles and equipment over the cost of $5,000

[2] Supplies in 'all others' includes all consumable and food costs for the nutrition programs

[3] This line item is for contracted services outside the normal scope of program operation

[4] The 'Other' category is used for all programs to include non-delineable items including, but not limited to rent, space
     costs, utilities, telephone, publications, fees, printing, legal, audit, insurance, fuel, repairs, travel costs not previously
     stated, building maintenance, safety costs, memberships, and all other standard operating costs.

Note: Revenue amounts represent program funding; expense amounts represent fiscal
 year amounts and may not equal entire program funding amounts

PROPOSED BUDGETS

Head Start			Early Head Start		
Personnel	$	2,190,549	Personnel	$	146,590
Fringe Benefits		536,685	Fringe Benefits		35,914
Travel (4120)		10,000	Travel (4120)		2,190
Equipment		48,000	Equipment		0
Supplies (4122)		631	Supplies (4122)		200
Supplies		245,000	Supplies		15,000
Contractual		291,066	Contractual		0
Facilities / Construction		0	Facilities / Construction		0
Other (4120)		29,750	Other (4120)		2,867
Other (4122)		639,560	Other (4122)		34,650
Indirect Costs		438,985	Indirect Costs		25,795
Total	$	4,430,226	Total	$	263,206

Community Services Block Grant		
Personnel	$	153,908
Fringe Benefits		36,609
Travel		2,392
Equipment		33,925
Supplies		7,169
Contractual		4,699
Other		157,822
Indirect Costs		42,935
Total	$	439,458

Comprehensive Energy Assistance Program		
Administration	$	214,655
Household Crisis		1,194,821
Utility Assistance		1,194,821
Program Services		366,259
Travel		2,500
Total	$	2,973,056

HEAD START/EARLY HEAD START SERVICE DATA

Total number of children to be served based on Head Start/Early Head Start funding	481
Average number of children served daily (Head Start/Early Head Start)	HS 465 EHS 16
Average monthly enrollment (as a percentage of funded enrollment HS/EHS)	HS 87% EHS 77%
Percentage of eligible children served (Head Start/Early Head Start)	HS 78% EHS 1%

RECENT REVIEWS

The most recent review of the Head Start program revealed the following findings:

Comprehensive Education and Child Development Services - (No areas of non-compliance)

Health & Safety - (No areas of non-compliance)

Classroom Assessment Scoring Sysytem - Results within the benchmarks set by Head Start

Family and Community Engagement - (No areas of non-compliance)

Eligibility, Recruitment, Selection, Enrollment, Attendance (ERSEA) (no areas of non-compliance)

Fiscal Infrastructure - (No areas of non-compliance)

Leadership, Governance, and Management Systems - (No areas of non-complaince/one are of concern in supporting teachers in promoting school readiness by having specified degrees or courses)

The most recent audit of Community Services of Northeast Texas, Inc. revealed the following:

Material weakness identified in financial reporting	NO
Material weakness identified in control over federal awards	NO
Significant deficiencies identified	NONE
Audit findings required to be reported under 45 CFR Part 75 & 45 CFR Part 200	NONE
Auditee qualified as a low-risk auditee	NO
Financial findings and questioned costs	NONE

Broker's Opinion:
Frank Lanier, Broker Lic 279164
East Texas Realty
108 E Rush Street P.O. Box 509
Linden TX 75563
903-756-7781
620-431-6342

HEAD START MEDICAL AND DENTAL SERVICE INFORMATION

Percentage of enrolled children up-to-date on schedule of age appropriate preventive and primary health care (Head Start/Early Head Start)	HS 78% EHS 87%
Percentage of enrolled children receiving dental exams (Head Start/Early Head Start)	HS 68% EHS 94%
Percentage of enrolled children with up-to-date immunizations (Head Start/Early Head Start)	HS 92% EHS 100%
Percentage of enrolled children with an IEP (Head Start/Early Head Start)	HS 11% EHS 13%

PARENT ENGAGEMENT ACTIVITIES

CSNT, Inc. Head Start/Early Head Start coordinates the following activities to promote parent involvement:
• Parent Committee meetings
• Parent Trainings and Activities
• Monthly Policy Council meetings
• Volunteering in classrooms
• Budget management training
• Job search and counseling from local colleges
• Local college and universities financial aid training
• Partnering with Local Food Banks
• Implementation of the FRED Reading Program
• Implementation of the Read Across America Program
• Participation in SHOP WITH A COP Program
• Implementation of Father Engagement Activities

PREPARING CHILDREN FOR KINDERGARTEN

CSNT, Inc. Head Start/Early Head Start engages in the following efforts to prepare children for public school:
• Provide a variety of learning styles and skill levels for school readiness
• Provide opportunities for children to be independent and self-directed
• Provide 'hands-on' activities
• Establish healthy eating habits and proper lunchtime procedures
• Provide orientation to Kindergarten Campus (when applicable)
• Track and analyaze data on each child's development using state-adopted, research-based assessments
• Allow children to make a smooth transition into kindergarten, Head Start, or other receiving program
• Coordinate with school districts and receiving programs for records needed
• Initiate communication between Early Head Start, Head Start, and receiving program staff
• Initiate joint training with Head Start/Early Head Start teachers and receiving program staff
• Provide parent-teacher communication for children transitioning out of program

EFFORTS IN BUILDING SCHOOL READINESS

CSNT, Inc. Head Start engages in the following efforts to prepare children for public school:
• Participation in the Texas Kindergarten Readiness System
• Implementation of the Texas Pre-K Guidelines and the Head Start Early Learning Outcomes Framework
• Implementation of a state-adopted, developmentally appropriate, research-based curriculum
• At least 15 hours of classroom-focused professional development annaully for teachers
• Implementation of the Classroom Assessment Scoring System
• Implementation of Campus School Readiness Teams
• Monitoring of school readiness goals
• Partnerships with local education agencies
• Assessment systems that track data on a student's progress on a continuum
• Creation of student progress reports based on data

2022/2023 SCHOOL READINESS GOALS - Head Start

Area Assessed	Goal	Progress
Social & Emotional Development	Children will demonstrate an increasing ability to manage their own emotions and behaviors.	75%
Perceptual, Motor, and Physical Development	Children will demonstrate control of large and small muscles for movement, coordination and balance.	88%
Approaches to Learning	Children will demonstrate a positive approach to learning.	83%
Language and Literacy	Children will develop strong receptive and expressive language skills. Children will learn and demonstrate alphabet knowledge.	79%
Cognitive Mathematics Development	Children will learn and begin to use Math Concepts.	44%
Parent Involvement Goals	Families will work with child/children to complete weekly home activities.	86%

2021/2022 SCHOOL READINESS GOALS - Early Head Start

Area Assessed	Goal	Progress
Social & Emotional Development	Children will demonstrate the ability to interact with peers, cooperatate, and solve social problems.	100%
Perceptual, Motor, and Physical Development	Children will demonstrate control of large and small muscles for movement, coordination and balance.	82%
Language and Literacy	Children will develop strong receptive and expressive language skills. Children will learn and demonstrate alphabet knowledge.	97%
Cognitive Mathematics Development	Children will learn and begin to use Math Concepts.	97%
Parent Involvement Goals	Families will work with child/children to complete weekly home activities.	86%

2022/2023 Student Assessment Data - Head Start

	area of CIRCLE Assessment			
	3-yr-old	4-yr-old	Disability	Dual Language
Approaches to Learning	84%	82%	83%	94%
Perceptual Motor & Physical	92%	79%	78%	89%
Social Studies	85%	88%	74%	94%
Rapid Letter Naming	64%	76%	61%	56%
Rapid Vocabulary	92%	82%	83%	61%
Phonological Awareness	87%	78%	65%	72%
Mathematics	87%	88%	78%	78%
Social-Emotional	82%	80%	83%	100%
Science	90%	90%	74%	94%

2022/2023 Student Assessment Data - Early Head Start

	% - Proficient Frog Street Assessment					
	Infants	Toddlers 12-18 Months	Toddlers 18-24 Months	Pre-school Entry	Disability	Dual Language
Language & Literacy	100%	100%	89%	80%	100%	100%
Mathematics	100%	100%	89%	80%	100%	100%
Social - Emotional	100%	100%	100%	100%	100%	100%
Health & Motor	100%	100%	78%	100%	50%	100%

Number of persons receiving salary more than $50,000	4

Federal minimum wage	$ 7.25 per hour
Agency internal minimum wage	$7.50 per hour
Head Start internal minimum wage	$9.00 per hour

Community Service Division

Clients Served 2022

CSBG	**7,322**
Energy Assistance	**7,388**
Salvation Army	**130**

CSNT, Inc. is an equal opportunity employer.

For an employment application, visit our website: www.csntexas.org

People Helping People

Our mantra: We do things the right way, the first time.
Our rule: The Grandmother Rule: It doesn't matter who is right, it only matters what is right.

Our four gospels:
    1. It must be legal.
    2. It must be according to the regulations.
    3. It must be good for the program and the families and children we serve.
    4. It must be good for our employees.

CSBG CAP Update 2023			
Outcomes			
FNPI 1	**Employment Outcomes**	**2023**	**Target**
FNPI 1a	The number of unemployed youth who obtained employment to gain skills or income.		
FNPI 1b	The number of unemployed adults who obtained employment (up to a living wage).	6	8
FNPI 1c	The number of unemployed adults who obtained and maintained employment for at least 90 days (up to a living wage).	6	8
FNPI 1e	The number of unemployed adults who obtained employment (with a living wage or higher).	0	8
FNPI 1f	The number of unemployed adults who obtained and maintained employment for at least 90 days (with a living wage or higher).	0	8
FNPI 1h	The number of employed participants in a career-advancement related program who entered or transitioned into a position that provided increased income and/or benefits.	0	8
FNPI 1h.1	Of the above, the number of employed participants who Increased income from employment through wage or salary amount increase.	0	4
FNPI 1h.2	Of the above, the number of employed participants who increased income from employment through hours worked increase.	0	2
FNPI 1h.3	Of the above, the number of employed participants who increased benefits related to employment.	0	2
FNPI 1z.1	The number of unduplicated persons who achieved a household income above 125% transitioning to self-sufficiency	6	17

Services			
SRV 1	**Employment Services**	**2023**	**Estimate**
SRV 1a-f	**Skills Training and Opportunities for Experience**		
SRV 1a	Vocational Training	0	1
SRV 1b	On-the-Job and other Work Experience		
SRV 1c	Youth Summer Work Placements		
SRV 1d	Apprenticeship/Internship	0	1
SRV 1e	Self-Employment Skills Training	0	1
SRV 1f	Job Readiness Training	18	8
SRV 1g-h	**Career Counseling**		
SRV 1g	Workshops		
SRV 1h	Coaching	18	
SRV 1i-n	**Job Search**		
SRV 1i	Coaching	18	
SRV 1j	Resume Development	18	8
SRV 1k	Interview Skills Training	18	8
SRV 1l	Job Referrals	18	8
SRV 1m	Job Placements	0	1
SRV 1n	Pre-employment physicals, background checks, etc.	0	1
SRV 1o-p	**Post Employment Supports**		
SRV 1o	Coaching	18	17
SRV 1p	Interactions with employers		
SRV 1q	**Employment Supplies**		
SRV 1q	Employment Supplies	0	4

Outcomes			
FNPI 2	**Education and Cognitive Development Outcomes**	**2023**	**Target**
FNPI 2a	The number of children (0 to 5) who demonstrated improved emergent literacy skills.	482	465
FNPI 2b	The number of children (0 to 5) who demonstrated skills for school readiness.	482	465
FNPI 2c	The number of children and youth who demonstrated improved positive approaches toward learning, including		
FNPI 2c.1	Early Childhood Education (ages 0-5)	482	465
FNPI 2c.2	1st grade-8th grade		
FNPI 2c.3	9th grade-12th grade		
FNPI 2d	The number of children and youth who are achieving at basic grade level (academic, social, and other school success skills). (auto total)	482	482
FNPI 2d.1	Early Childhood Education (ages 0-5)	482	465
FNPI 2d.2	1st grade-8th grade		
FNPI 2d.3	9th grade-12th grade		
FNPI 2e	The number of parents/caregivers who improved their home environments.	400	400
FNPI 2f	The number of adults who demonstrated improved basic education.	1	2
FNPI 2g	The number of individuals who obtained a high school diploma and/or obtained an equivalency certificate or diploma.	0	1
FNPI 2h	The number of individuals who obtained a recognized credential, certificate, or degree relating to the achievement of educational or vocational skills.	18	1
FNPI 2i	The number of individuals who obtained an Associate's degree.	0	1

FNPI 2j	The number of individuals who obtained a Bachelor's degree.	0	1

Services			
SRV 2	**Education and Cognitive Development Services**	**2023**	**Estimate**
SRV 2a-j	**Child/Young Adult Education Programs**		
SRV 2a	Early Head Start	12	16
SRV 2b	Head Start	470	465
SRV 2c	Other Early-Childhood (0-5 yr. old) Education		
SRV 2d	K-12 Education		
SRV 2e	K-12 Support Services		
SRV 2f	Financial Literacy Education	4	8
SRV 2g	Literacy/English Language Education		
SRV 2h	College-Readiness Preparation/Support		
SRV 2i	Other Post Secondary Preparation		
SRV 2j	Other Post Secondary Support		
SRV 2k	**School Supplies**		
SRV 2k	School Supplies	1	100
SRV 2l-q	**Extra-curricular Programs**		
SRV 2l	Before and After School Activities		
SRV 2m	Summer Youth Recreational Activities		
SRV 2n	Summer Education Programs		
SRV 2o	Behavior Improvement Programs (attitude, self-esteem, Dress-for-Success, etc.)		
SRV 2p	Mentoring		
SRV 2q	Leadership Training		
SRV 2r-z	**Adult Education Programs**		
SRV 2r	Adult Literacy Classes	0	4
SRV 2s	English Language Classes		
SRV 2t	Basic Education Classes	1	1
SRV 2u	High School Equivalency Classes	0	1
SRV 2v	Leadership Training		
SRV 2w	Parenting Supports (may be a part of the early childhood programs identified above)	400	460
SRV 2x	Applied Technology Classes	0	1
SRV 2y	Post-Secondary Education Preparation	0	1
SRV 2z	Financial Literacy Education	0	8
SRV 2aa	**Post-Secondary Education Supports**		
SRV 2aa	College applications, text books, computers, etc.	1	2
SRV 2bb	**Financial Aid Assistance**		
SRV 2bb	Scholarships		
SRV 2cc	**Home Visits**		
SRV 2cc	Home Visits	477	481

Outcomes			
FNPI 3	**Income and Asset Building Outcomes**	**2023**	**Target**
FNPI 3a	The number of individuals who achieved and maintained capacity to meet basic needs for 90 days.	6	8
FNPI 3b	The number of individuals who achieved and maintained capacity to meet basic needs for 180 days.		
FNPI 3c	The number of individuals who opened a savings account or IDA.	0	8

FNPI 3d	The number of individuals who increased their savings.	0	8
FNPI 3e	The number of individuals who used their savings to purchase an asset.		
FNPI 3e.1	Of the above, the number of individuals who purchased a home.		
FNPI 3f	The number of individuals who improved their credit scores.		
FNPI 3g	The number of individuals who increased their net worth.		
FNPI 3h	The number of individuals engaged with the Community Action Agency who report improved financial well-being.	6	8

Services			
SRV 3	Income and Asset Building Services	2023	Estimate
SRV 3a-f	Training and Counseling Services		
SRV 3a	Financial Capability Skills Training	1	8
SRV 3b	Financial Coaching/Counseling	0	8
SRV 3c	Financial Management Programs (including budgeting, credit management, credit repair, credit counseling, etc.)	11	8
SRV 3d	First-time Homebuyer Counseling		
SRV 3e	Foreclosure Prevention Counseling	97	100
SRV 3f	Small Business Start-Up and Development Counseling Sessions/Classes		
SRV 3g-l	Benefit Coordination and Advocacy		
SRV 3g	Child Support Payments	0	4
SRV 3h	Health Insurance	0	20
SRV 3i	Social Security/SSI Payments	0	4
SRV 3j	Veteran's Benefits	0	1
SRV 3k	TANF Benefits	0	4
SRV 3l	SNAP Benefits	0	20
SRV 3m-r	Asset Building		
SRV 3m	Saving Accounts/IDAs and other asset building accounts	0	8
SRV 3n	Other financial products (IRA accounts, MyRA, other retirement accounts, etc.)		
SRV 3o	VITA, EITC, or Other Tax Preparation programs		
SRV 3p	Loans And Grants		
SRV 3q	Micro-loans		
SRV 3r	Business incubator/business development loans		

Outcomes			
FNPI 4	Housing Outcomes	2023	Target
FNPI 4a	The number of households experiencing homelessness who obtained safe temporary shelter.	0	4
FNPI 4b	The number of households who obtained safe and affordable housing.	46	30
FNPI 4c	The number of households who maintained safe and affordable housing for 90 days.	46	30
FNPI 4d	The number of households who maintained safe and affordable housing for 180 days.	46	30
FNPI 4e	The number of households who avoided eviction.	57	10

FNPI 4f	The number of households who avoided foreclosure.	0	100
FNPI 4g	The number of households who experienced improved health and safety due to improvements within their home (e.g. reduction or elimination of lead, radon, carbon dioxide and/or fire hazards or electrical issues, etc.).	8	20
FNPI 4h	The number of households with improved energy efficiency and/or energy burden reduction in their homes.		

Services			
SRV 4	Housing Services	2023	Estimate
SRV 4a-e	Housing Payment Assistance		
SRV 4a	Financial Capability Skill Training		
SRV 4b	Financial Coaching/Counseling		
SRV 4c	Rent Payments (includes Emergency Rent Payments)	97	10
SRV 4d	Deposit Payments		
SRV 4e	Mortgage Payments (includes Emergency Mortgage Payments)		100
SRV 4f-h	Eviction Prevention Services		
SRV 4f	Eviction Counseling	97	10
SRV 4g	Landlord/Tenant Mediations	97	10
SRV 4h	Landlord/Tenant Rights Education	97	10
SRV 4i-l	Utility Payment Assistance		
SRV 4i	Utility Payments (LIHEAP-includes Emergency Utility Payments)	4880	4000
SRV 4j	Utility Deposits		
SRV 4k	Utility Arrears Payments	393	1000
SRV 4l	Level Billing Assistance		
SRV 4m-p	Housing Placement/Rapid Re-housing		
SRV 4m	Temporary Housing Placement (includes Emergency Shelters)	0	4
SRV 4n	Transitional Housing Placements		
SRV 4o	Permanent Housing Placements	86	30
SRV 4p	Rental Counseling	97	10
SRV 4q	Housing Maintenance & Improvements		
SRV 4q	Home Repairs (e.g. structural, appliance, heating systems. etc.) (Including Emergency Home Repairs)	8	20
SRV 4r-t	Weatherization Services		
SRV 4r	Independent-living Home Improvements (e.g. ramps, tub and shower grab bars, handicap accessible modifications, etc.)		
SRV 4s	Healthy Homes Services (e.g. reduction or elimination of lead, radon, carbon dioxide and/or fire hazards or electrical issues, etc.)		
SRV 4t	Energy Efficiency Improvements (e.g. insulation, air sealing, furnace repair, etc.)		
SRV 4u-4v	Water Services		
SRV 4u	Water/Waste Water Services	2745	30
SRV 4v	Multiple Services	0	10
SRV 4w	Other Water Services	1	5

Outcomes

FNPI 5	Health and Social/Behavioral Development Outcomes	2023	Target
FNPI 5a	The number of individuals who demonstrated increased nutrition skills (e.g. cooking, shopping, and growing food).		
FNPI 5b	The number of individuals who demonstrated improved physical health and well-being.		
FNPI 5c	The number of individuals who demonstrated improved mental and behavioral health and well-being.	5	10
FNPI 5d	The number of individuals who improved skills related to the adult role of parents/ caregivers.	5	10
FNPI 5e	The number of parents/caregivers who demonstrated increased sensitivity and responsiveness in their interactions with their children.	400	10
FNPI 5f	The number of seniors (65+) who maintained an independent living situation.		
FNPI 5g	The number of individuals with disabilities who maintained an independent living situation.		
FNPI 5h	The number of individuals with chronic illness who maintained an independent living situation.		
FNPI 5i	The number of individuals with no recidivating event for six months.	0	2
FNPI 5i.1	Youth (ages 14-17)		
FNPI 5i.2	Adults (ages 18+)	0	2

Services			
SRV 5	Health & Social/Behavioral Development Services	2023	Estimate
SRV 5a-j	Health Services, Screening and Assessments		
SRV 5a	Immunizations		481
SRV 5b	Physicals		481
SRV 5c	Developmental Delay Screening		481
SRV 5d	Vision Screening		481
SRV 5e	Prescription Payments		2
SRV 5f	Doctor Visit Payments		
SRV 5g	Maternal/Child Health		
SRV 5h	Nursing Care Sessions		
SRV 5i	In-Home Affordable Seniors/Disabled Care Sessions (Nursing, Chores, Personal Care Services)		
SRV 5j	Health Insurance Options Counseling		
SRV 5k-o	Reproductive Health Services		
SRV 5k	Coaching Sessions		
SRV 5l	Family Planning Classes		
SRV 5m	Contraceptives		
SRV 5n	STI/HIV Prevention Counseling Sessions		
SRV 5o	STI/HIV Screenings		
SRV 5p-q	Wellness Education		
SRV 5p	Wellness Classes (stress reduction, medication management, mindfulness, etc.)		2
SRV 5q	Exercise/Fitness		
SRV 5r-x	Mental/Behavioral Health		
SRV 5r	Detoxification Sessions		
SRV 5s	Substance Abuse Screenings		
SRV 5t	Substance Abuse Counseling		

SRV 5u	Mental Health Assessments		
SRV 5v	Mental Health Counseling		
SRV 5w	Crisis Response/Call-In Responses		
SRV 5x	Domestic Violence Programs		
SRV 5y-aa	**Support Groups**		
SRV 5y	Substance Abuse Support Group Meetings		
SRV 5z	Domestic Violence Support Group Meetings		
SRV 5aa	Mental Health Support Group Meeting		
SRV 5bb-ee	**Dental Services, Screenings and Exams**		
SRV 5bb	Adult Dental Screening/Exams		
SRV 5cc	Adult Dental Services (including Emergency Dental Procedures)	1	
SRV 5dd	Child Dental Screenings/Exams	477	477
SRV 5ee	Child Dental Services (including Emergency Dental Procedures)		
SRV 5ff-jj	**Nutrition and Food/Meals**		
SRV 5ff	Skills Classes (Gardening, Cooking, Nutrition)		
SRV 5gg	Community Gardening Activities		
SRV 5hh	Incentives (e.g. gift card for food preparation, rewards for participation, etc.)	3	20
SRV 5ii	Prepared Meals	477	477
SRV 5jj	Food Distribution (Food Bags/Boxes, Food Share Program, Bags of Groceries)		
SRV 5kk-mm	**Family Skills Development**		
SRV 5kk	Family Mentoring Sessions	13	
SRV 5ll	Life Skills Coaching Sessions		
SRV 5mm	Parenting Classes		
SRV 5nn-oo	**Emergency Hygiene Assistance**		
SRV 5nn	Kits/boxes		
SRV 5oo	Hygiene Facility Utilizations (e.g. showers, toilets, sinks)		

Outcomes			
FNPI 6	**Civic Engagement and Community Involvement Outcomes**	**2023**	**Target**
FNPI 6a	The number of Community Action program participants who increased skills, knowledge, and abilities to enable them to work with Community Action to improve conditions in the community.	0	3
FNPI 6a.1	Of the above, the number of Community Action program participants who improved their leadership skills.	0	1
FNPI 6a.2	Of the above, the number of Community Action program participants who improved their social networks.	0	1
FNPI 6a.3	Of the above, the number of Community Action program participants who gained other skills, knowledge and abilities to enhance their ability to engage.	0	1

Services			
SRV 6	**Civic Engagement and Community Involvement Services**	**2023**	**Estimate**
SRV 6a	Voter Education and Access		
SRV 6b	Leadership Training		

SRV 6c	Tri-partite Board Membership	12	12
SRV 6d	Citizenship Classes		
SRV 6e	Getting Ahead Classes		
SRV 6f	Volunteer Training		460

Outcomes			
FNPI 7	**Outcomes Across Multiple Domains**	**2023**	**Target**
FNPI 7a	The number of individuals who achieved one or more outcomes as identified by the National Performance Indicators in various domains.	962	500

Services			
SRV 7	**Services Supporting Multiple Domains**	**2023**	**Estimate**
SRV 7a	**Case Management**		
SRV 7a	Case Management	66	17
SRV 7b	**Eligibility Determinations**		
SRV 7b	Eligibility Determinations	3932	4000
SRV 7c	**Referrals**		
SRV 7c	Referrals	3932	4000
SRV 7d	**Transportation Services**		
SRV 7d	Transportation Services (e.g. bus passes, bus transport, support for auto purchase or repair; including emergency services)	6	20
SRV 7e-f	**Childcare**		
SRV 7e	Child Care subsidies		
SRV 7f	Child Care payments	0	4
SRV 7g	**Eldercare**		
SRV 7g	Day Centers		
SRV 7h-j	**Identification Documents**		
SRV 7h	Birth Certificate		
SRV 7i	Social Security Card		
SRV 7j	Driver's License		
SRV 7k	**Re-Entry Services**		
SRV 7k	Criminal Record Expungements		
SRV 7l	**Immigration Support Services**		
SRV 7l	Immigration Support Services		
SRV 7m	**Legal Assistance (includes emergency legal assistance)**		
SRV 7m	Legal Assistance		
SRV 7n	**Emergency Clothing Assistance**		
SRV 7n	Emergency Clothing Assistance	3	2
SRV 7o	**Mediation/Customer Advocacy Interventions**		
SRV 7o	Mediation/Customer Advocacy Interventions		

Strategic Plan Update

SWOT Analysis

STRENGTHS		2022 Update	2023 Update
Areas of Strength	**Options to Take Advantage of Strengths**	All strengths are consistent and CSNT is experiencing continued growth toward new strengths. The upward momentum of the agency's growth is encouraging.	All strengths are consistent and CSNT is experiencing continued growth toward new strengths. The upward momentum of the agency's growth is encouraging.
Compliance Findings	Continue to train case managers to follow TAC.		
Funder Requirements	Continue to follow the TAC and stay up to date with what is required.		
Staff Retention (CS)	Continue to provide open line of communication with Case Managers. Continue to provide support in areas needed.		
Customer Service	Continue to provide excellent customer service. Continue to know our areas and outside resources to assist clients.		
Client Satisfaction	Continue to be clear and concise with the clients. Continue to send out client satisfaction surveys to all clients.		
Array of programs and services addressing key needs	Continue to match clients with the appropriate program(s) to provide them with the assistance that best meets their needs.		
Single Audit Issues	Continue to maintain accurate financial records.		

WEAKNESSES		2022 Update	2023 Update
Areas of Weakness	**Options to Overcome Weaknesses**		
Board Member Retention	Work towards shortening the meetings. Better selection criteria.	CSNT has shortened the board meetings, but they are still too long. Board retention continues to be a struggle.	Board meetings are averaging an hour long, which is a huge improvement. Board retention is much better than in 2022.
Staff Retention (HS)	Offer a company matched retirement plan.	A new retirement plan with NCAP endorsement has been added to the benefits package. CSNT hopes to provide a company match beginning in 2023.	Retirement plan is active. A 1% company match will be included in 2024.
Small I.T. Department	Budget for a larger I.T. department.	A new IT person has been hired. IT has turned over a new leaf with this person's management. CSNT is considering budgeting for an IT Assistant.	IT Assistant will be hired by January 2024.
Partnerships	Focus on more outreach opportunities that will allow us the ability to find more partnership possibilities.	Outreach has increased along with CSNT's partnerships.	Outreach and partnerships continue to increase.

OPPORTUNITIES		2022 Update	2023 Update
External Opportunities	**Options to Take Advantage of Opportunities**		
Unrestricted Funding	Go to counties and speak with them about donations and fundraising.	Unrestricted funding has increased by a small amount. Donations from Churches has increased. City Council meetings have been attended. More funding outreach within the service area should be considered.	A Director of Marketing and Development will be hired in late 2023 to increase unrestricted funding.

THREATS		2022 Update	2023 Update
External Threats	**Options to Take to Overcome Threats**	CSNT has kept up with the demographic changes and needs in the service area.	CSNT continues to keep up with the demographic changes and needs in the service area.
Demographic Changes	CNA will allow us to keep up with those changes and needs.		

Key Strategic Issues

Strategic Issue	What makes it a strategic issue?	Consequences of not addressing issue	Benefits of addressing issue	Steps to address issue	2022 Update	2023 Update
Effective Program Outcomes (CSBG TOPS)	**Funder Requirement**	**Clients being underserved and missed opportunities for the agency.**	**Providing a holistic approach to clients needs.** **Increased service opportunities.**	**Monthly program evaluation** **Continued training on how to properly identify TOPS clients.** **Seek partnerships to provide additional resources to clients.**	CSBG TOPS is becoming a successful program. The program is being evaluated monthly, trainings are being provided monthly, and new partnerships are being pursued monthly. We have gained many partnerships through having two case managers dedicated to the CSBG TOPS Program.	CSBG TOPS is becoming a successful program. The program is being evaluated monthly, trainings are being provided monthly, and new partnerships are being pursued monthly. We have gained many partnerships through having two case managers dedicated to the CSBG TOPS Program.
Board Member Retention	**Federal Requirement**	**If we do not have the required number of board members, we could lose our CSBG funding.**	**The ability to meet quorum.** **Having a full board allows for more community engagement.** **Having a full board holds the agency accountable.**	**Better selection critera.** **Encourage committee participation.**	Board Member retainment and retention continues to be a struggle for CSNT.	Board Member retainment and retention is getting better, with only one vacancy.

Goals, Objectives, Strategies, and Outcomes

Type of Goal (Agency, Family, or Community):	Agency	Area to Address:	CSBG TOPS program		2022 Update	2023 Update
#1 Goal:	Meet the agency transitioning goal				The agency transitioning goal is 17. Currently, 8 individuals have transitioned. We expect that we will meet our goal by the end of December 2022.	The agency transitioning goal is 17. Currently, 66 individuals are enrolled and 6 individuals have transitioned. We expect that we will meet our goal by the end of December 2023.
Strategy:	Provide continued training to the Case Managers enabling them to better identify clients to enroll in the program and help them successfully transition the household.				Case Managers have been provided a procedure manual and monthly trainings.	Case Managers have successfully enrolled 66 individuals in the CSBG TOPS program.

Community Services of Northeast Texas, Inc.

Risk Assessment Executive Summary

Governance Risk

This segment of your executive summary contains priority recommendations to strengthen your board.

- Explore ways to convey and reinforce your agency's mission and purpose, such as through short videos, infographics, or even a draft 'elevator speech.' These tools will be valuable to your board as it works to fully understand what you do, and effectively convey your mission to other stakeholders.

- See the full report for suggestions to increase the engagement and dialogue during Finance Committee presentations.

Risk Management Basics

This segment of the executive summary contains recommendations related to Risk Management Basics, including the assignment of responsibility for risk management, risk oversight, and risk committees.

- Consider forming a risk committee to ensure a diverse array of perspectives in agency risk management. See the full report for tips to increase the effectiveness ofyour risk committee, or reach out to NRMC for Risk Help on this topic.

Facilities and Building Security

This section of your executive summary contains priority recommendations based on your answers to the questions in the Facilities and Building Security Module.

- Developing up-to-date evacuation plans for all of your facilities should be a top priority. See the full report for the key elements to include in your evacuation plans.

- Consider developing a clear, bomb threat policy for your agency. See your full report for additional resources.

- Consider the value of requiring ID badges for all visitors. Explore affordable options and possible barriers to implementation. Solicit input from staff prior to implementing a new badge policy.

Human Resources and Employment Practices

This section of your executive summary notes priority recommendations based on your answers to the questions in the Human Resources and Employment Practices module.

Financial Reporting and Internal Controls

- See your full report for suggestions to improve financial reporting. Remember to also review Category 8 (Financial Operations and Oversight) of the COE Developed CSBG Organizational Standards to make sure that your team fully understands these expectations for community action agencies. As indicated in the narrative introduction, "The fiscal bottom line of Community Action is not isolated from the mission, it is a joint consideration."

- See your full report for suggestions to improve financial reporting. Remember to also review Category 8 (Financial Operations and Oversight) of the COE Developed CSBG Organizational Standards to make sure that your team fully understands these expectations for community action agencies. As indicated in the narrative introduction, "The fiscal bottom line of Community Action is not isolated from the mission, it is a joint consideration."

- Explore the feasibility of conducting criminal history background checks during the final stage of pre-employment screening for candidates offered any role with significant financial authority or cash handling duties. Remember to consider issues related to the timing of check, the development and adoption of disqualifying criteria before you order background checks, Fair Credit Reporting Act compliance, and the applicability of a 'ban the box' law in your state and locality.

Contracts

This section of your executive summary features priority recommendations related to contracts and your nonprofit's contracting processes.

Client and Participant Safety

This section of your executive summary contains priority recommendations based on your answers to the questions in the Client and Participant Safety module.

- We recommend that you update your organization's policies to include specific instructions about appropriate and inappropriate hugging. For example, hugs should never be offered or given to meet the caregiver's needs, and hugs should only be from the side, over the shoulders, and never from the front.

Transportation

This section of your executive summary contains priority recommendations based on your answers to the questions in the Transportation module.

You indicated that your organization provides or sponsors transportation services or owns (or leases) vehicles. The following transportation issues were identified as concerns during the assessment. Look to the full report for details.

- Your organization may be directly or vicariously liable when volunteers or employees operate a vehicle on behalf of your organization. The conditions for each situation and the proper procedures are addressed in the full report.

- Creating a transportation risk management statement will provide an initial step toward richer risk management of transportation in your organization. The statement serves as a guide in creating other important items like policies or training programs.

- Pre- and post-use vehicle inspections help document vehicle conditions and assist with maintenance of your fleet. Consider creating an inspection procedure and documentation process to track.

- Remember that cargo is not typically covered under regular vehicle policy. Check with your broker to see if you have the appropriate policy for coverage (usually inland marine coverage).

Technology and Privacy Risk Management

This section of your executive summary contains priority recommendations based on your answers to the questions in the Technology and Privacy Risk Management module.

- We recommend that you adopt a Bring Your Own Device Policy that clarifies what agency information may and must never be accessed on personal devices, including whether employees may access Personally Identifiable Information (PII) on their personal devices.

- It is common practice to require users to change login practice on a regular basis. We recommend that you develop a policy as soon as possible that provides guidelines about the strength of passwords and the frequency of changes.

- We recommend that you consider developing a data classification policy. A template policy is available in *My Risk Management Policies*.

- We recommend that you being offering training to all staff on how to avoid phishing scams and frauds, and that after completing your training that you begin to conduct exercises no less than annually to test employee vulnerability to social engineering frauds.

- We recommend that you take steps to become more familiar with data privacy practices and laws. See the full report for this module for additional information on this topic.

- See the report for this module for information on cyber liability insurance.

Special Events

This section of your executive summary contains priority recommendations based on your answers to the questions in the Special Events module.

- Hosting special events may require risk management efforts not normally associated with the normal operations of your organization. Be sure to consider the various components of the event and risks associated with these components. Doing so will help the event be successful and have a positive impact for your organization.

- Documentation is an important part of risk management in all phases of activity. We recommend you begin documenting risk management activities as soon as possible.

- Designate one person as 'safety officer' for your special event in order to provide risk management oversight.

- An absence of personnel devoted to security (and other emergency situations) at your event creates a liability for your organization. You should implement appropriate staffing internally or contract the appropriate vendor to provide security.

- Waivers may not be necessary for every special event activity, but you should consider using waivers for your events as a part of the overall documentation strategy.

- Verify that the documentation and procedures used for accident reporting is consistent with the requirements of your organization and those of any insurance providers for the event itself.

Crisis Management and Business Continuity Planning

This section of your executive summary contains priority recommendations based on your answers to questions in the Crisis Management and Business Continuity Planning module.

- To increase your confidence with respect to crisis planning, review the gaps in your crisis management plan identified in your full report for this module.

- Having key information available during a crisis will assist in providing for timely response. Look to the full report for examples of what to include in your crisis management plan.

- We recommend conducting a thorough review of your crisis communications plan within the next six months. See the full report for additional crisis communications tips.

- We recommend that you establish a timetable and appoint a small task force to assemble existing components of business continuity planning into a true BCP.

Volunteer Risk Management

This section of your executive summary offers priority recommendations based on your answers to the questions in the Volunteer Risk Management module.

- Reference checking is an important and potentially invaluable part of a thorough screening process for volunteers. We recommend that you add reference checking to your volunteer screening process. See the full report for additional information related to this recommendation, including suggested reference checking questions.

Fundraising and Resource Development

This section of your executive summary contains priority recommendations based on your answers to the questions in the Fundraising and Resource Development module.

- You indicated that your nonprofit may not be registered in all states where you solicit individual donations. We recommend that you make the resolution of this potential gap in policies a priority. See the full report for additional information and links to helpful resources.

- You indicated that your nonprofit does not have practices in place to manage the risk of non-compliance with the CAN-SPAM Act. See the full report for additional information on this federal law, including resource links.

- Nonprofits that have minimal experience with government contracts may be caught off guard and unprepared for some of the risks associated with such funding, including inadequate funding for infrastructure, late payment/reimbursement, and complex reporting requirements. Thoughtfully consider the range of risks and 'what ifs' before you seek any government contract.

End of Report - 8/19/2023 4:32:34 PM

Risk Assessment Report

Governance Risk

Introduction

This report section contains recommendations to strengthen your board, including its structure, policies and operations. Like other areas in an agency, governance weaknesses can be addressed with focus, commitment and consideration of the unique circumstances and needs of your agency. Keep in mind that governance should evolve as an agency evolves: the best possible board during a time of growth may not be an effective governing body of an agency that is winding down.

Board Awareness of Mission, Structure and Programs

You indicated that one or more members of your board do not fully understand and may not be able to convey your organization's mission and purpose. This fact puts your organization at risk from at least two perspectives.

1. First, when one or more members of an organization board cannot convey the organization's mission and purpose they are practically unable to fulfill their legal duty of obedience. The duty of obedience requires that a director be faithful to the organization's mission, and act in a manner that is consistent with the mission and goals of the organization. A board member discharges the duty of obedience by monitoring the organization's activities to ensure that administrative and programmatic activities are consistent with the organization's underlying mission and goals. When a board is charged with malfeasance by a dissatisfied customer, funder, or constituent, the charge may allege that the organization board has failed to stay true to the organization's mission and purpose.

2. Second, a board member who does not fully understand the organization's mission is unable to assist in identifying or evaluating the risks facing the organization or in the case of a larger organization with a risk management team that includes paid staff, the board member would not be in a position to evaluate the risk management program in light of the organization's core mission.

We recommend that you explore ways to convey and reinforce your agency's mission and purpose. For example, in addition to the mission statement on your website, develop a short video, an infographic, or draft 'elevator speech' to capture what you do and why you do it. Strive to create simple, memorable messages, and encourage your board to take ownership of their ambassador roles.

Legal Compliance

You answered that the members of your board are confident that the organization is in compliance with federal, state and local regulations. Every organization board should operate with this high level of confidence with respect to the organization's legal compliance. Organizations are subject to a wide range of regulations and laws issued by various regulatory bodies. Keeping up with these regulations and ensuring compliance is not an easy task, even in an organization that has a large number of paid staff.

Every organization needs professional advisors that it can turn to for assistance on legal, accounting, and insurance matters. These advisors can provide valuable assistance in keeping track of key laws and regulations, and suggesting strategies that ensure compliance.

The board should receive periodic updates from the organization's key staff or professional advisors about changes in laws that apply to the organization. The board should also be kept abreast of the organization's compliance activities. Healthy boards are inquisitive, interested, and engaged in the organization's success. This means asking questions about legal compliance from time to time.

Board Training

You indicated that your organization provides a board orientation in compliance with Standard 5.7, and that you also offer periodic educational session for your governing board. These practices are an excellent way to help a board meet its legal *duty of care*. Most organizations are dynamic organizations that regularly face new challenges and opportunities. By providing a regular forum in which to keep the board abreast of these changes you are providing the information the board needs to thoughtfully govern the organization.

Providing Timely Materials

You indicated that background materials are distributed to your board well in advance of board meetings. This is an excellent practice. A common complaint among organization CEOs is the time involved in preparing background materials for board meetings. Some argue that the time spent preparing for board meetings leaves little time to accomplish the organization's mission. Yet distributing thorough and comprehensive materials well in advance of board meetings is essential to managing an organization's governance risks. A board cannot meet its legal *duty of care* unless it has the opportunity to review information on programmatic activities, the organization's financial position, and current challenges and opportunities in time to formulate thoughtful questions. This review enables members to actively participate in board meetings.

Board Minutes

You indicated that the minutes of your board meetings reflect dissenting views and votes on specific issues. This is an excellent practice. Maintaining concise records of board votes and dissenting views could be helpful in defending a challenge or claim of malfeasance by the board.

Evaluation of the CEO

You indicated that a committee leads an annual review of the CEO, but that the entire board participates in the process. This is an excellent practice. Evaluating the chief executive's performance is an often neglected, but essential responsibility of a nonprofit board, and one that in NRMC's view, should not be delegated entirely to a committee. Congratulations on your diligence in undertaking this almost always difficult but critically important and valuable task.

Fiscal Oversight

You indicated that you have an active board committee that receives periodic financial reports from staff, and that the committee transmits and presents these reports to the full board at regular meetings. Beyond the board's legal responsibilities and pure survival instincts--the desire to keep the organization healthy and focused on its mission--there are additional motivating factors for diligence in the area of financial management. Federal and state governments may impose criminal penalties on organizations and their elected and appointed leaders who misuse funds, allow the waste of charitable assets, or squander donor resources. Also, civil actions may be initiated alleging harm based on the mismanagement of the organization.

An active, engaged finance committee is key to effective fiscal oversight. Congratulations on the work completed to date to ensure a high level of engagement. Consider the following suggestions to sustain your success in this area:

- Consider rotating membership on your Finance Committee, with every board member serving for at least one or two years during their full term on the board
- Include discussion prompts and questions as part of financial presentations, to engage the board around critical financial issues facing the organization; strive to make financial presentations two-way conversations
- Experiment with having members of the Finance Committee present different segments of the report. For example, one member could present an overview of the current financial statements, another could address the year-end forecast, and a third could speak to proposed changes in the organization's fiscal policies or banking relationships.

Risk Oversight by the Board

You indicated that your board discharges its responsibility for risk oversight through its receipt of reports from staff regarding critical risks and agency risk management. This is a common practice in nonprofit organizations.

In addition to presenting information about risks, make sure that you're engaging the board in conversation about the risks and strategies described in your reports. These conversations can help the board engage with the management team to understand the changing risk landscape and also be assured that top risks have been assessed and addressed.

In a survey of nonprofit organizations conducted by NRMC in 2017, 40% of participants reported that their boards talk about risk management *more than once per year*, and an additional 15% indicated that the subjects of risk and risk management are discussed at *every board meeting*.

Another increasingly common approach, which is a bit different from yours, is to assign risk oversight responsibility to an existing board committee. For example, some nonprofits have broadened the scope of the audit committee to become the Audit and Risk Oversight Committee. Other nonprofits form a risk committee of the board, such as an Enterprise Risk Management Committee or Risk Oversight Committee. Separating risk oversight from finance and audit is common when leaders believe that the most pressing risks fall outside the realm of financial management, internal controls and investments.

For additional insights on helping the board discharge its responsibility for risk oversight, see Chapter 9 - Risk Oversight by the Board in the NRMC publication, *World-Class Risk Management for Nonprofits*.

Conflict of Interest Policy

You indicated that your organization has a conflict of interest policy that applies to board members. A conflict of interest policy is a risk management tool that can minimize the likelihood that the board will make a decision that is inconsistent with the best interests of the organization. You have taken an important step to protect your organization. If you haven't already done so, ask your legal counsel to review your policy to make certain that it meets the needs of your organization.

Board Self-Assessment

You indicated that your board of directors periodically assesses its own performance. This is an excellent practice that we encourage you to continue. Through a self-assessment exercise, an organization board can determine how well it is carrying out its responsibilities. A self-assessment also provides an opportunity to identify areas where the board can improve its performance. Self-assessments are often conducted prior to board retreats, and may be a valuable resource to consultants or other outside experts working with the organization to improve its performance.

Risk Management Basics

Introduction

Agency leadership teams manage risk in different ways and with different processes and structures. This segment of your Risk Assessment report provides feedback based on your answers to questions related to the assignment of risk responsibilities, whether you have a committee dedicated to risk management, risk oversight by the board, and your confidence with respect to understanding the property & casualty coverage purchased by your agency.

Risk Manager

You indicated that risk management has not been assigned to a key staff person at your agency, such as a risk manager. Designating a full-time risk manager can be an important step in strengthening a risk function. However, the vast majority of community action agencies do not have a risk professional on staff.

If resources do not permit the hiring of a professional risk manager, consider naming one or more 'risk champions'--team members who can champion risk management initiatives at your agency.

Risk champions:

- uplift the notion of 'risk' as something more dynamic than a threat--something that is worth consideration and investment
- cultivate a culture of inquiry and candor among team members who must be willing to openly discuss and deconstruct risks
- drive a holistic or systems perspective that takes into account many diverse perspectives on risks and recognizes how risks intersect and play out across many departments and functions of an organization
- instill productive--not punitive--risk assessment and risk management practices, including honest reflection on past risk events and organizational failures as a platform for collectively doing better next time.

For more information on the risk champion role, see *What's in a Word? Risk Management Leaders as Mission Champions*.

Risk Management Committees

You indicated that your agency does not have a staff-level risk management committee. Risk management committees can be an invaluable resource to an agency that is striving to evolve its risk management capacity. Here are a few tips for developing a risk committee:

- determine the process for appointing or recruiting members

- draft a committee charter indicating the overarching purposes of the committee, frequency of meetings, specific goals and responsibilities, committee composition, and committee authority
- develop realistic goals and a practical plan
- plan a dynamic committee kick off meeting

For additional tips on forming and sustaining a risk committee, see: The Nitty Gritty of a Risk Committee.

Facilities and Building Security

Introduction

This section of your report contains recommendations based on your answers to the questions in the Facilities and Building Security Module.

Renting Space

You indicated that your agency rents space to others. Most property owners and landlords appreciate fully the risks and potential liabilities that exist when they operate campgrounds, conference centers, and other facilities open to the public on their property. These same owners and landlords, however, often fail to understand that these risks and potential liabilities still exist when they rent or loan their premises to outside groups.

As an owner or landlord, your agency owes a general duty of care to visitors to your sites, whether they are guests, campers, or outside rental group members. These persons enjoy the legal status of invitee. An owner must use ordinary care to maintain the premises in a reasonably safe condition for invitees. The duty of ordinary care requires an owner to look for unsafe or dangerous conditions on the premises and either remedy the problem or issue an appropriate warning. This duty attaches to both regular invitees and outside rental groups, unless specific affirmative steps are taken to limit that duty.

Limit Liability - There are a number of ways that an agency owner/landlord can limit its liability when dealing with rental groups. First, many states have "Recreational Use" statutes that limit a landlord's liability for any injuries that may arise if rental groups aren't charged for use of the property. Check with your legal counsel to see if your state has a "Recreational Use" statute and if it would apply to your situation.

Agreement - An agreement should establish, in clear terms, the duties and responsibilities of the owner/landlord and the group [borrowing the premises]. The following items should be considered for inclusion in the standard rental agreement, depending on the circumstances:

- **Maintenance and Upkeep:** While the owner typically remains responsible for any hazardous condition on the property in existence at the time of the lease, the rental agreement can establish who will be responsible for general upkeep such as trash pickup, repairing broken steps, clearing snow and ice, etc.
- **Indemnification Clause:** The agreement should include a provision holding the owner/landlord harmless for any negligent acts or omissions by the rental group during the term of the lease.
- **Instructions on Use of Property and Facilities:** The owner/landlord should provide detailed instructions on how its facilities operate or what to do if problems arise.
- **Limits on Accessible Areas:** If the group is only using a portion of the premises, or if certain areas are off-limits, those boundaries should be clearly established in the lease. Then, if a group member strays beyond this area, his status will change from an invitee to

a trespasser. Once that occurs, the borrower takes the risk of the place as he finds it and the duty of the landowner is greatly reduced.

- **Potential Hazards:** Specific warnings about dangerous or hazardous conditions on the premises should be provided.
- **Delegation of Supervision:** Depending on the situation, the owner/landlord may need to provide its own staff members to assist with supervision. For example, if swimming is available on the premises, additional lifeguards may be required.
- **Alcohol Consumption:** If alcohol is part of the rental group's activities, it may be necessary to obtain a temporary liquor license. The lease or rental agreement should require the rental group to obtain both the license and, if available, liquor liability insurance, adding the owner/landlord as an additional insured. Finally, the contract should include an acknowledgment by the rental group that no one under the age of 21 will be served alcohol.

Renting Space for Special Events

Your agency rents additional space for special events, meetings or field trips. Renting space when needed can be an economical way to manage your agency's assets and fulfill its mission. You might rent a bowling alley for an outing, a room at the town library for a board meeting, an historic mansion for a fundraiser or a campground for an overnight field trip. No matter what the use, it's always wise to put the agreement in writing (even if--and maybe especially if--the property is owned by a "friend" of the agency). The rental agreement spells out the expectations and limits of both parties and thus may defuse many disputes before they occur.

Rental Agreement - Under the letter of the law, "rent" refers to property borrowed for a fee or for free. Rental agreements written by the owner/landlord serve the purpose of protecting the landlord. They are contracts and should be reviewed by the agency's attorney before being signed. The attorney can advise you whether or not you are getting the deal you discussed and whether you might protect yourself in other ways.

A rental agreement should establish, in clear terms, the duties and responsibilities of the owner/landlord and the rental group. The following items should be considered for inclusion in the standard rental agreement, depending on the circumstances:

- **Maintenance and Upkeep:** While the owner typically remains responsible for any hazardous condition on the property in existence at the time of the lease, the rental agreement can establish who will be responsible for general upkeep such as trash pickup, repairing broken steps, clearing snow and ice, etc.
- **Indemnification Clause:** The agreement should include a provision holding the owner/landlord harmless for any negligent acts or omissions by the rental group during the term of the lease.
- **Instructions on Use of Property and Facilities:** The owner/landlord should provide detailed instructions on how its facilities operate or what to do if problems arise.
- **Limits on Accessible Areas:** If the rental group is only using a portion of the premises, or if certain areas are off-limits, those boundaries should be clearly established in the lease. Then, if a renter strays beyond this area, his status will change from an invitee to a

trespasser. Once that occurs, the renter takes the risk of the place as he finds it and the duty of the landowner is greatly reduced.

- **Potential Hazards:** Specific warnings about dangerous or hazardous conditions on the premises should be provided.
- **Delegation of Supervision:** Depending on the situation, the owner/landlord may need to provide its own staff members to assist with supervision. For example, if swimming is available on the premises, additional lifeguards may be required.
- **Alcohol Consumption:** If alcohol is part of the rental group's activities, it may be necessary to obtain a temporary liquor license. The lease or rental agreement should require the rental group to obtain both the license and, if available, liquor liability insurance, adding the owner/landlord as an additional insured. Finally, the contract should include an acknowledgment by the rental group that no one under the age of 21 will be served alcohol.

Evacuation Plan

You indicated that your agency has evacuation plans for all of your facilities but that they may not be up-to-date. This situation should be remedied as soon as possible. Invite a representative(s) of the fire departments serving the communities where you are located to visit your facilities and provide guidance with respect to developing a plan. The plan should contain information about the evacuation list, who is in charge of the evacuation, and outline primary and secondary escape routes from every part of the building.

When developing an evacuation plan, remember to include the following elements:

- Conditions under which an **evacuation** would be necessary
- Conditions under which it may be better to shelter-in-place
- A clear **chain of command** and designation of the person in your business authorized to order an evacuation or shutdown
- Specific evacuation procedures, including **routes and exits**
- **Specific evacuation procedures for high-rise buildings**
  - o For employers
  - o For employees
- Procedures for **assisting visitors and employees** to evacuate, particularly those with disabilities or who do not speak English
- **Designation of what, if any, employees will remain** after the evacuation alarm to shut down critical operations or perform other duties before evacuating
- A means of **accounting for employees** after an evacuation
- **Special equipment** for employees

Although some agencies are reluctant to test their evacuation plan, not testing it can cause anxiety. Once the plan is complete, conduct evacuation drills no less than annually, and convene your team for a debrief to discuss what when well and how your plan can be improved.

OSHA's helpful publication on evacuation planning is available here: www.osha.gov/Publications/osha3088.pdf

Up-to-Date Bomb Threat Policy

You indicated that your agency does not have an up-to-date bomb threat policy applicable to all locations, or location specific up-to-date policies.

See the following resources for guidance:

- https://emilms.fema.gov/is906/assets/ocso-bomb_threat_samepage-brochure.pdf
- https://www.safetyinfo.com/bomb-threat-planning-and-training-free-index/

Sign in/Sign out Log

You answered that your agency uses visitor sign in/sign out logs. Many people have a narrow view of who constitutes a "visitor" to the building. For security purposes, anyone who isn't an employee - temporary employees, VIPs, consultants, contractors, volunteers and clients - should sign in upon entering the building and sign out when exiting. When in doubt, you might ask an unknown visitor for photo identification to verify the person is who he says he is. Record the driver's permit number or other traceable number in case you need to follow up later.

ID Badges

You answered that visitors aren't required to wear identification badges while in your facilities. A visitor badge program helps quickly legitimize people in the building who aren't staff. The badge says the visitor has signed in at the reception desk or guard station and provided information about who they are and what their business is. All visitors should be instructed to turn in their badges prior to leaving the building.

Badges may be all alike or color-coded to quickly identify various types of visitors and their business with the organization:

- temporary employees
- general visitors, such as contractors
- clients or volunteers

The word "Visitor" and the date should be readable from several feet away. Some badge systems include a photo of the visitor, and others include a bold expiration date. No matter how simple or fancy, the purpose is to monitor and record the entrance and exit of people who are not employees of your agency.

Visitor Escorts

You indicated that escorts aren't required for visitors in all of your buildings. It may be helpful to have a consistent procedure for all buildings. Barring that, clearly identifying which buildings require an escort and which buildings don't will emphasize the importance of the procedure in areas where unescorted visitors could be a risk.

This practice, along with visitor logs and visitor badges, provides a level of protection for employees and clients of your agency. Consider instigating this practice if you serve a vulnerable population, or if it would be easy for visitors to get lost or "lose themselves" while navigating your facility. This would be the case if you have many floors or a low building that spreads over a lot of ground or has many wings or corridors. In practice, the receptionist or guard at the building entrance would phone the person being visited and ask the visitor to be seated until the escort arrives. The visitor log could have a space to indicate who the escort is for each visitor.

Landscaping

You indicated that there is there untrimmed or tall greenery at edge of the property where people can hide. This is a liability. The agency should keep shrubs, hedges and plants trimmed below 3 feet. Tree branches lower than 6 feet should be removed.

Human Resources and Employment Practices

Introduction

This section of your report contains feedback and recommendations based on your answers to questions in the Human Resources and Employment Practices Module.

This report contains recommendations in the area of employment practices. Every agency with paid staff faces the possibility of a claim or lawsuit alleging illegal or unfair employment practices. The financial and other consequences of a claim can be substantial or devastating. Every organization can take steps to reduce the likelihood of a claim, and ensure a strong defense to charges of wrongdoing.

As you review these recommendations, remember that obtaining the assistance and advice of an employment attorney licensed in your state is absolutely essential to protecting your agency's assets and good name. Your mission is too important to risk losing it all in a suit you could have avoided.

Multiple Locations

You indicated that you employ workers at more than one location. While a structured approach to employment practices is advisable for all employers, it is particularly important for agencies with large workforces or workers deployed at more than one location. Multiple locations increase the likelihood that an employee will not be notified in a timely fashion of a new or changed policy. Therefore, it is very important that you commit to developing standardized, written employment policies and identify the most effective methods for ensuring that everyone in the organization receives timely notification of policies and practices.

The Human Resources Function

A cornerstone of effective and legal employment practices is the development and consistent application of sound policies. Unfortunately, some organizations develop and administer employment policies in an ad-hoc fashion. Where practical, it is advisable to centralize the human resources function. You indicated that responsibility for human resources in your organization is centralized in a position or department. This is an excellent first step to ensuring the development of coherent and effective policies.

Periodic Review of Employment Policies

You indicated that you have a process in place to ensure the periodic review of your employment practices. How often you review these practices depends on a number of factors, including your agency's hiring frequency, rate of turnover, employee satisfaction, resource constraints or opportunities, and size. Organizations facing rapid growth or high turnover should review hiring strategies and results semi-annually. All aspects of the recruitment and selection process should be considered in light of the organization's hiring goals and commitment to not pursue strategies

that adversely affect a protected group of applicants. Smaller organizations or those with very low turnover may choose a less rigorous schedule, such as annually.

The Board's Role

Nonprofit boards have an important role to play in establishing appropriate employment policies and ensuring that an organization follows its policies.

The board must recognize that the policies included in an Employee Handbook or Personnel Policy Manual - as well as those found in other documents, such as employment letters, and those policies which emerge from practice - not only impose responsibilities or requirements on the employee (such as coming to work on time), but also create promises that the employer must honor and a court may enforce.

In most instances, a nonprofit board should avoid involvement in the day-to-day activities of personnel management - hiring (other than the executive director), promotions, discipline (except when the board has a defined role in a grievance process), and terminations. Overall, the board's main concern is the adoption and implementation of personnel policies and practices of the nonprofit, not its daily personnel actions.

Every board should be confident that the agency's employment policies comply with applicable federal and state laws. The board should seek guidance and assurance on this matter from an employment attorney licensed in the state in which the nonprofit operates. In addition, each board should be confident that the nonprofit's managers and supervisors are applying the policies uniformly. Board members should raise any concerns about special or preferential treatment with the chief executive officer.

For instance, did a manager terminate an entry-level employee for an infraction that he or she would have forgiven in a long-time staff member? This scenario raises the issue that every board should understand the nonprofit's policies concerning termination. Is "gross misconduct" - conduct for which an employee may be subject to immediate dismissal -- specified in the handbook? Is it clear in the handbook that certain policy violations (such as bringing a weapon to work) constitute grounds for immediate dismissal? The board should be informed and educated on these issues to ensure it fulfills its legal responsibilities. This does not mean that the board should review or question every employment action. Board members should, however, raise questions and seek clarification whenever they have reason to believe that the organization's employment policies are not in compliance with legal requirements or have not been followed.

Because termination of an employee raises considerable risk to the nonprofit, the board should know what the nonprofit's procedures are for termination and have total confidence that these procedures are adhered to.

Legal Review of Written Policies

You indicated that your Employee Handbook was reviewed by an employment attorney licensed in your state before it was distributed. This is an excellent practice and we urge you to obtain further review and counsel before making any changes to this important document.

You indicated that your Employee Handbook was reviewed by an attorney within the last 1-3 years. It is possible that some material in the Handbook may be out-of-date or inconsistent with new federal, state or local employment laws. We advise that you seek legal review as soon as possible to ensure that your written policies are up-to-date.

Policy Changes

You indicated that when a new employment policy is developed, a document explaining the policy is distributed to all staff. Written policies are the cornerstone to effective, defensible employment practices. Communicating the intent and nuances of new policies is essential. If not already your current practice, consider requiring each employee to acknowledge receipt of the written explanation of the policy and retaining these signed acknowledgements in your personnel files. In this way, the nonprofit will be able to prove that each employee was aware of the changed or new policy.

Legal Review Prior to Implementing Policy Changes

You indicated that you consult an employment attorney before revising existing policies or adopting new policies. It is prudent practice to request a legal audit of existing policies and seek an employment lawyer's recommendations for revisions. Another way to approach the review is to meet with key staff and any other personnel-related resources at your disposal and request suggestions on policies that they would like to see changed. With firm objectives in hand, consult legal counsel, who can recommend how to coordinate the nonprofit's objectives with legal obligations.

Tracking Policy Distribution

It is prudent to request newly hired employees, whether in the offer letter, during orientation or another time, to sign an acknowledgement of receipt of personnel policies that includes a commitment, signed by the employee, to adhere to the policies. We recommend that you keep these acknowledgements in employee personnel files.

Confirming Receipt of Revised Policies

Be sure to keep a copy of each employee's acknowledgement in their personnel file. In one instance an employer could not prove that a particular employee had received the newly revised version of personnel policies and therefore the former version of the policies applied to her termination. The court required the employer to re-hire the employee because her termination, under the prior policies, was found to be invalid.

Workplace Violence Policy

You indicated that your nonprofit has a workplace violence policy. This reflects your understanding that violence is a reality in many workplaces today. Nonprofits, like other employers, need to train staff to be aware of the risk of workplace violence. Review your current workplace violence policy to make certain that it includes:

- Zero tolerance for violent, abusive conduct, threats of violence, or violent language;
- A complaint procedure;
- Emergency procedures in the event of any serious act of workplace violence;
- Designation of management personnel and security personnel who will be responsible to investigate complaints of violence and who will be responsible in the event of an emergency;
- Reservation of management's right to review employee e-mail, voice mail, and computer files.

While policies and raising awareness cannot completely insulate any nonprofit from the risk of workplace violence, the fact that the nonprofit has undertaken good faith efforts to educate and prepare staff for emergencies, and has acted promptly to address concerns of the incompetence of staff or threats of workplace violence, conveys the message that safety is a primary concern.

Technology Policy

A comprehensive office technology policy should address privacy and appropriate conduct concerns. Consider reviewing your current policy to make certain that it:

- Prohibits or limits personal use of the Internet and e-mail while at work and prohibits personal use of the nonprofit's hardware and software or copying of the nonprofit's software;
- Defines the systems used at work as the property of the nonprofit;
- Prohibits use of the telephone, facsimile, or e-mail system for the dissemination or solicitation of information about for-profit ventures, religious beliefs or political causes, or any non-job-related business;
- Prohibits use of the telephone, facsimile or e-mail system to create or transmit any offensive, hostile, sexually explicit or suggestive messages, racial slurs, gender-specific comments or any comment that is unprofessional or offensive regarding someone's age, race, color, creed, sexual orientation, religious beliefs, national origin, gender, disability, marital status or any other protected category;
- States that the nonprofit's e-mail system may not be used to upload or download any protected, copyrighted, or proprietary information;
- States that the nonprofit reserves the right to review, audit, intercept, access and disclose all messages created, received, or sent through voice mail, facsimile or the e-mail system for any purpose, and that the content of such communications may be disclosed by the nonprofit for any purpose with or without notice to the employee;
- States that the confidentiality of any message transmitted over the nonprofit's telephone, facsimile or e-mail system should not be assumed;
- States that the use of a password does not indicate that the employee should have any expectation of privacy in computerized communications; and

- States that the nonprofit will discipline any employee who violates the office technology policy, and that violations may result in termination of employment.

Workplace Privacy Policy

You indicated that you currently have a Workplace Privacy Policy. We recommend that you review your policy to make certain that it:

- reminds staff that work areas (including desks, filing cabinets, etc.) are the property of the nonprofit.
- requires that employees consent to monitoring.
- cautions employees not to have an expectation of privacy in voice mail, e-mail or requires consent to monitoring.

Sexual Harassment Policy

You indicated that your Employee Handbook includes a policy specifically prohibiting sexual harassment. As you know, the risk of liability for harassment may also come from outside the organization: clients, vendors, consultants, board members, or a member of the general public could pose a threat of sexual harassment to your staff. Your written policy sends a message to staff that the organization will not tolerate harassment and helps ensure that your staff will know what to do in the event they experience or observe prohibited harassment.

Your policy should also require the reporting of observed or experienced harassment at the workplace. It is to the employer's advantage to have knowledge of alleged wrongdoing. Once the nonprofit knows of allegations of improper conduct, steps can be taken to minimize the potential harm to victims -- and in so doing to minimize potential liability to the nonprofit. By taking swift and effective remedial action, many employers have been able to reduce their liability or eliminate it altogether.

Congratulations on having a written policy in place. We recommend, however, that you review your policy to make certain that it:

1. defines prohibited conduct;
2. encourages reporting of any offensive conduct *before* it rises to the level of a hostile environment and imposes no barrier on reporting complaints, such as requiring that complaints be in writing;
3. requires the reporting of observed or experienced harassment at the workplace;
4. explains the rights of complainants under the policy (such as not to be retaliated against and to have complaints and the investigation file maintained in confidence);
5. describes procedures for the investigation of complaints;
6. contains a description of the consequences for breach of the policy; and
7. provides at least two persons to whom the employee can report complaints to avoid any claim that the employee is excused from reporting because the person designated to accept complaints was the harasser, or a friend of the harasser.

Internal Complaint Procedure

You indicated that your Handbook describes your internal complaint procedure for sexual harassment. The burden on employers to promptly investigate and respond to complaints has increased in recent years. A well thought-out and prescribed complaint procedure is an excellent risk management tool. It sends a strong message to your employees that you intend to follow-up on any complaints of harassment and takes the guessing out of the process when an actual complaint is received.

Job Descriptions

Job descriptions should be used during the hiring process so that candidates for a position can review the job description and answer the question "Are you able to perform all the functions of this position?" Make sure that your written job descriptions are up to date and describe "essential functions." Identifying the essential functions is necessary in the event that an employee becomes disabled and there are concerns whether the employee is qualified. Essential functions are those tasks which are essential to the job. Examples are: the ability to lift a certain number of pounds, drive a van, carry a child, or raise arms over head. It is also helpful if the job descriptions identify whether the position is "exempt" from overtime or "nonexempt."

Employment Applications

Employment applications are important risk management tools. We suggest that you review your current application to determine if it contains:

- an "at-will employment" disclaimer that expressly states that the applicant understands that employment with the nonprofit is on an at-will basis;
- a truth clause or false information warning;
- an authorization to conduct record checks (criminal history, credit, etc.) - remember that whether to conduct a certain check should be determined by the risks of the position, not the particular applicant; and
- an authorization to check references (it is worthwhile to obtain permission from every applicant to check references, and it is required under the Fair Credit Reporting Act if your nonprofit uses a third-party agency to conduct reference checks).

Reference Checks

You indicated that you always check references, either before making an offer of employment or before a new hire begins work. This is an excellent practice. Reference checks are among the most valuable screening tools at your disposal. Remember that if a candidate does not provide work-related references, you should press him or her to do so. If you discover a discrepancy between the information provided on an application and the information obtained from a reference, you should always investigate further. This investigation might include asking the candidate to clear up the discrepancy, calling additional references, or verifying credentials directly.

Pre-Employment Tests

Employers in the nonprofit, business and government sectors use a wide variety of pre-employment tests and background checks to obtain information about an applicant's suitability for particular positions. These screening tools are also used to verify factual information provided by an applicant.

The risks of these screening tools fall into two broad categories:

- inappropriate reliance on the information obtained through tests and background checks at the expense of more fundamental screening tools such as written applications, interviews and reference checks; and
- the inappropriate use or interpretation of test/background check results or the violation of an applicant's legal rights.

In the first category, the growing popularity of criminal history background checks as a screening tool for applicants in youth-serving organizations has led to the reliance on these checks as a barometer of suitability. Yet there is no question that these tests cannot be relied on to provide a "clean bill of health" for an applicant. Reliance on a "clean," state-based criminal history records check and discounting other screening tools is an unwise strategy.

In the second category of risk, many employers have rushed to use tests and background checks without first considering the legal limitations on the use of these screening tools or their appropriateness for a particular position. For example, it is unlikely that a credit check would be appropriate for the position of playground supervisor. Before using such tests and background checks, you must determine:

- what if any federal, state and local laws apply to restrict, limit or prohibit the use of these tools;
- whether the potential benefits outweigh the negative affect of the use of tests (for example, one negative effect might be that the use of background checks discourages applicants from a particular group);
- whether the proposed tests or checks offer truly reliable, job-related information;
- how the test/background check results will be evaluated. For example, will certain scores or findings disqualify an applicant? The failure to identify the criteria that will be used to evaluate results in advance increases the likelihood that the process will be a waste of precious resources;
- whether the proposed tests or background checks are clearly job-related and necessary to the thorough screening of applicants for a particular position.

Remember that few, if any tests or background checks are appropriate for every position in an organization.

Using a Hiring Checklist

The reason why a hiring checklist is so important is to ensure that every candidate is subjected to the same level of scrutiny during the screening process. This not only helps guard against charges of discrimination, but provides a procedure so that elements of the screening process do not fall through the cracks. For example, after investigating an allegation of client abuse, a nonprofit discovers that the one employee for whom the nonprofit failed to get a criminal records check had a history of criminal abuse. Hiring checklists help allow the nonprofit to see at a glance if one step in the process has not been completed.

Offer Letters

A written offer letter is a practical way in which to confirm details about an offer of employment. It is a risky practice to convey an offer of employment orally. Starting an employment relationship on the right foot requires a shared understanding of the basic terms of employment. A properly worded written offer letter will reduce the likelihood of a subsequent misunderstanding about basic terms of employment. It also provides an opportunity for an employer to obtain a prospective employee's acknowledgement of the terms of employment. An offer letter may increase the risk of a subsequent employment-related claim, however, if it is worded inappropriately or if it contains promises or commitments the employer is unwilling to live up to.

We recommend that you consider using written offer letters.

You indicated that your offer letters do not contain information about any of the following: initial period of employment (introductory period), annual salary, salary review date, eligibility for benefits, duration of employment, potential for advancement, or job rights. While you may have reduced the risk that information contained in an offer letter contravenes established employment policies, the value of an offer letter without any of this information is questionable. Consider asking an employment lawyer to review your offer letters and comment on the advisability of including pertinent details.

Initial Work Review Period

You indicated that new employees serve an initial work review period. Review your policy to make certain that successful completion of the first few months of employment does not ensure job security or in any way conflict with your employment-at-will policy. Make certain that you have defined the purpose of the work review period in your written policies, noting that completion of the work review period does not increase an employee's rights in a job. Consider using language such as:

"An initial work review period is a training and get-acquainted period, completion of which does not guarantee continued employment. Following completion of this period, you still may resign and the organization has the right to terminate your employment at any time, with or without cause."

Employee Orientation

You indicated that you have an orientation program for new employees. This is a good risk management strategy, and may help ensure that all new hires receive the same, thorough orientation to the nonprofit's policies. From a legal perspective, a formal orientation program where policies are explained provides a defense to a claim that an employee was not informed about a specific policy. But providing an orientation with out-of-date, incomplete or inaccurate materials may be more risky that never conducting one in the first place. Review your orientation format and procedures to make certain that all policies distributed and explained to new hires are current.

You indicated that you maintain up-to-date personnel files for each employee. This is an excellent risk management practice.

Performance Appraisals

You indicated that you conduct annual performance reviews for each employee. This practice is essential to (1) put employees on notice of unsatisfactory performance, and (2) articulate in an objective manner the goals and objectives for the employee's performance. In this way, employees are aware of their shortcomings and the nonprofit is in a strong position to support a discharge for poor performance. The practice of conducting regular, objective performance appraisals will also ensure that your organization is able to defend itself against charges of discriminatory employment practices.

A growing number of cases have reached the courts in which inadequate or nonexistent performance appraisals were the principal determining factor in a judgment for damages against an employer. Typically the litigation is brought by someone fired or denied a promotion, who then claims to be the victim of race, sex or age discrimination. The employer defends itself by claiming that the plaintiff simply wasn't doing his or her job. The plaintiff easily rebuts the employer's case by showing that his performance appraisals never mentioned any concerns or disappointments with performance. Employers that can present strong performance appraisal documentation are in a good position to defend their actions, whereas those that do not have written support for their position most often face liability. Consequently, evaluating the performance of staff and documenting the process carefully is "where the rubber meets the road" in employment-related risk management. Most often if there is a smoking gun in an employment action, performance appraisals (or the lack thereof) are the weapons of choice.

Evaluating performance is sound management and critical for the long-term health and prosperity of the nonprofit. In most cases the nonprofit's staff members are among the organization's most valuable assets. Staff influence the public's perception of the nonprofit, provide services to clients, and may be responsible for the welfare of vulnerable individuals on a daily basis. When staff can see how their own work successfully supports the achievement of the nonprofit's goals, a more effective organization will result.

If you are not already doing so, consider adding the review of performance appraisals by an administrator one tier above the actual supervisory relationship. This review can expose subjective comments or inconsistent rankings. The objective review is also an opportunity to evaluate how well the supervisors are conducting their roles as job coaches. In order for the

objective third-party review to be effective, you need to work out a schedule for annual or six-month reviews which permits an extra period of time for the objective reviews. The objective reviews should occur prior to the employee's receipt of the formal review, in order to allow time in the event the reviewer challenges what is written and the appraisal needs to be revised.

Narrative Versus Multiple Choice Ratings

Some experts believe that the most insightful appraisal format is pure narrative because supervisors are then forced to describe the employee's performance and can't make the mistake of checking a box that doesn't apply. However, narrative responses are also legally risky because a supervisor's comments might go off on a tangent that is irrelevant and subjective, or fails to support the rest of the appraisal. Or supervisors may put the nonprofit at risk by writing observations about performance that are not job-related and therefore inherently inappropriate Most appraisal forms feature a combination of narrative and rating questions. Often there is a summary statement or rating which is useful when a distinction based on performance is required between similarly situated employees.

Performance appraisal software and human resources consultants are available to help customize appraisal forms. Customization is recommended over simply borrowing a format from another workplace. However, many nonprofits successfully borrow forms developed for another organization, and then customize those forms as they discover what works and what doesn't.

Remember that a senior manager or the executive director should review completed appraisal forms before they are shared with an employee. The purpose of this review is to make certain that the review does not contain inappropriate information or anything that is inconsistent with the organization's policies. For example, a statement on a review indicating, "I'd like to see Mary retire from this organization" could contravene the nonprofit's employment-at-will policy.

Third-Party Review

The best insurance against any pitfall in the performance appraisal process is an objective review by an administrator one tier above the actual supervisory relationship. This review can expose subjective comments or inconsistent rankings. The objective review is also an opportunity to evaluate how well supervisors are performing as job coaches. Remember that objective reviews should occur prior to the employee's receipt of the formal review, in order to allow time in the event the reviewer challenges what is written and the appraisal needs to be revised.

Training Supervisors to Conduct Reviews

You indicated that you currently train or coach supervisors on the implementation of your performance review system. This is an excellent practice that should be continued.

Consider reviewing your training or coaching program to make certain it addresses the following issues:

- The common reluctance to provide a candid review. Suggest strategies for communicating "bad news" in a respectful fashion and explain that an individual who is unable to convey bad news or impose discipline on an employee risks disqualification from supervisory status.
- The importance of providing ongoing feedback. Inform supervisors that they should never wait until the annual review to communicate dissatisfaction with an employee's performance. They should also remember to document any performance counseling sessions, making certain that these reports are signed by the employee and retained in the personnel file. The supervisor's notes - if not signed - may be disputed.
- The legal significance and importance of candid reviews. Written performance reviews are an organization's best evidence of whether an employee is meeting, surpassing or failing to meet the organization's expectations. Someone who is unwilling or unable to provide candid reviews of performance should not be allowed to continue in a supervisory capacity. The notion that a favorable review will motivate improved performance is untrue. Explaining to an employee why his or her performance falls short of the nonprofit's expectations remains the best strategy to motivating improvement.

Multi-Source Assessments

The newest trend in performance evaluations is a multi-source assessment, also known as the "360 degree" evaluation. In this system each employee's performance is assessed by several, rather than only one, appraiser. Typically the supervisor reviews the subordinate, who may also be reviewed by the employee himself, and by clients, peers and vendors. In turn, the supervisees provide comments on their supervisors' performance. Usually the data on each supervisor is collected anonymously and bypasses the supervisor, going directly to the supervisor's supervisor for evaluation, in order to provide insurance against real, or perceived, retaliation.

As supervisors and subordinates become more comfortable with the process, supervisors can directly review feedback from their own subordinates. While the potential for helpful information using a multi-source appraisal system is great, there can be problems with the credibility of the feedback if staff are cynical and concerned that the feedback is an opportunity for retribution against an unpopular supervisor. Alternately, such a system could be seen as an opportunity for "deal-making: "I'll give you a favorable rating if you give me one...". In theory, the idea of a multi-source system is supposed to provide the highest level of management with a good sense of the effectiveness of the organization's supervisory staff. In practice, collecting such data as part of the formal appraisal system may not yield the most reliable results. Nonprofits must first have a culture of trust and honesty in order for 360-degree evaluations to be taken seriously. Many nonprofits find that facilitating roundtable discussions with staff about effective supervision and in extreme cases, arranging an internal arbitration between supervisors and supervisees is as effective as a formal system of multi-source evaluations.

Merit Raises

More and more nonprofits are moving to a "merit raise" system that rewards strong performance with the possibility of a higher salary adjustment. Some award merit raises in addition to cost-of-living (COLA) increases. A merit raise system provides an incentive for employees to improve

performance. It also rewards strong performers, helping with the nonprofit's ability to retain the most effective employees. A common way to structure a merit raise system is to create a salary scale which assigns a certain percentage or range of percentages for salary increases in each of several categories. The categories correspond to the rating system on the performance appraisal instrument. Each employee is eligible for whatever percentage raise is appropriate given the range for the rating assigned to that employee. For example, "Unacceptable" would merit no increase. "Meets expectations" would merit a 1-3% increase, "Exceeds expectations" would earn a 3.5%-4.5% increase, and "Greatly exceeds expectations" would be awarded a 5%+ increase. In this way, the CEO, finance or personnel committee can determine the budget for salary and compensation for the coming year by looking at historic data on the number of employees in each salary and performance range.

Merit Raises

More and more nonprofits are moving to a "merit raise" system that rewards strong performance with the possibility of a higher salary adjustment. Some award merit raises in addition to cost-of-living (COLA) increases. A merit raise system provides an incentive for employees to improve performance. It also rewards strong performers, helping with the nonprofit's ability to retain the most effective employees. A common way to structure a merit raise system is to create a salary scale which assigns a certain percentage or range of percentages for salary increases in each of several categories. The categories correspond to the rating system on the performance appraisal instrument. Each employee is eligible for whatever percentage raise is appropriate given the range for the rating assigned to that employee. For example, "Unacceptable" would merit no increase. "Meets expectations" would merit a 1-3% increase, "Exceeds expectations" would earn a 3.5%-4.5% increase, and "Greatly exceeds expectations" would be awarded a 5%+ increase. In this way, the CEO, finance or personnel committee can determine the budget for salary and compensation for the coming year by looking at historic data on the number of employees in each salary and performance range.

Progressive Discipline Policy

You indicated that you currently have a Progressive Discipline policy. Remember that in general, only gross misconduct and serious violations of the nonprofit's policies justify skipping the first warning phases of progressive discipline and imposing more serious discipline in the first instance. The progression of disciplinary steps set forth in the nonprofit's Employee Handbook should be followed whenever possible, unless starting with a verbal warning would be illogical, as in a situation where an employee threatens another employee with physical violence.

Progressive discipline, if consistently applied and with flexibility for unusual cases, can be an effective risk management tool because it affords some assurance of fundamental fairness. The downside of progressive disciplinary policies is that they can create contractual obligations. If not carefully drafted, in most states policy language can be binding on the nonprofit under the theory of implied contract. Another downside of progressive discipline is that because the policy lists disciplinary steps in a certain order, the nonprofit's flexibility to select appropriate disciplinary action on a case-by-case basis can be greatly reduced. Even with language that states that the disciplinary policy is not a contract, employees will expect to be treated as described in

the policy, so fundamental fairness dictates that the progressive disciplinary procedures be followed unless the employee is given notice otherwise. "Taking the high road" in employment practices requires an employer to live up to its promises, and employees regard policies as promises.

Keep in mind that progressive discipline policies should be carefully drafted and reviewed by an employment lawyer to ensure that the nonprofit will not be needlessly vulnerable to claims of breach of contract. In order to give the nonprofit the most flexibility, it is advisable to draft progressive discipline policies as guidelines, rather than set procedures to be followed in all cases.

Opportunity to Correct Deficiencies

It is prudent to provide an opportunity for employees to correct deficiencies before you take adverse action against them. We urge you to continue this practice.

Third Party Review Prior to Termination

We urge you to continue the practice of having a person other than the affected employee's supervisor review the written record before an employee is terminated. This practice enables the organization to make certain that the action taken is supported in the written record, legally defensible, and consistent with action taken towards other employees.

Financial Reporting and Internal Controls

Introduction

This report section contains recommendations based on your answers to the questions in the Financial Reporting and Internal Controls Module. As a reminder, the assessment topics were: Fiscal Oversight, Financial Reporting, Financial Planning and Forecasting, Budgeting, Financial Monitoring, Contracts and Grants Management, Managing Fraud Risk and Internal Controls, Investments, Fiscal Policies and Audits.

As you review and consider these recommendations, keep in mind that some recommendations may need to be revised or tailored to suit your agency's unique structure or circumstances. In addition, remember to ask key advisors for their guidance and insights, including your internal finance team, board-level Finance Committee, Audit Committee, and any external finance advisors or audit firms.

Board's Ability to Discharge Fiscal Oversight Responsibilities

You indicated that you have 'moderate' confidence in the ability of your board to discharge its fiduciary and fiscal oversight responsibilities. Lack of confidence in this area is sometimes due to concern that some members of the board don't fully grasp the implications of your financial statements, or in some cases, board members may focus on small dollar issues and miss the big picture trends.

To help your board discharge its responsibilities in these important areas, consider:

- Planning and convening an annual workshop on nonprofit financial statements; invite a qualified volunteer or consultant to discuss the structure of nonprofit financial statements generally, followed by a deep dive into your agency's statements
- Including narrative explanations of your financial statements along with spreadsheets and reports such as the Statement of Financial Position, Statement of Activities and Statement of Cash Flows. Your narratives should alert the reader to high points, low points, and also trends.
- Developing a fiscal dashboard that shows financial results over several years. Make certain that the scale of the dashboard is appropriate and shows trends clearly.
- Including a report on key financial indicators (sometimes called key performance indicators) in your regular reports to the Finance Committee and Board. A list of [Nonprofit Financial Stability KPI Recommendations](#) is available from the [Human Resources Council](#). A downloadable [Ratio Calculation Worksheet](#) is available from [Propel Nonprofits](#) (formerly the Nonprofits Assistance Fund).

Improving Financial Reporting

You indicated that you provide financial statements on a monthly basis to your Finance Committee and Board, however you recognize that there are opportunities to improve how you

tell your agency's story in financial terms, and to improve the board's engagement on fiscal matters.

Consider the following suggestions to strengthen your practices in these areas:

- Add key discussion questions to Finance Committee and Board agendas to make these presentations more engaging and interactive
- Propel Nonprofits offers a downloadable Financial Self-Assessment with helpful reminders and tips
- The Human Services Council has developed a "Standards of Excellence in Nonprofit Financial Management" resource which suggests key components of monthly reporting to senior/executive staff and key components of financial reporting to the Board and senior staff. For example:
    - Consider providing Monthly Executive Liquidity Reports with Key Financial (Performance) Indicators, Supporting Reports (e.g., cash flow projections, AP aging, AR aging) and Other Reports (budget-to-actual reports for the organization, and budget-to-actual reports for each program) to senior staff monthly
    - Consider providing Management Narrative/CEO Report, a Performance Dashboard, and Supporting Reports to the Board and senior staff no less than quarterly
- Strive to provide financial reports by 20 business days after the end of the prior month
- Strive to provide detailed reports to the Finance Committee 4-5 days prior to Finance Committee meetings

Financial Forecasting

You indicated that your agency does some financial forecasting, but it tends to be relatively short-term. We recommend that you consider the following strategies to strengthen financial forecasting:

- Ask members of your Finance Committee, Board and audit firm if they are able to recommend forecasting tools or resources used in their own organizations.
- Use rolling forecasts and require operating teams to update financial projections monthly or quarterly. Increasing the frequency of your forecasting will provide a more accurate picture and allow for more nimble management of staff time and financial resources.
- Identify key external drivers that could potentially impact financial results. Note a short list of drivers in forecasting reports.
- Visit the websites of The Wallace Foundation and Resource Library of the Nonprofits Assistance Fund for additional financial planning resources that may be helpful in your efforts.

Inclusive Budgeting Process

You indicated that your agency has a modestly inclusive budgeting process. According to Propel Nonprofits, "a budget is just another version of a mission statement or strategic plan expressed in

a different language, the language of numbers. In order for this to be true in practice, a budget must be the cumulative effort of all who implement the organization's mission..."

To improve collaborative budgeting at your agency, check out the following resources:

- Download Propel's 10 Step Budgeting Checklist
- Download The Wallace Foundation's 5-Step Guide to Budgeting for Nonprofits

Background Checks

You indicated that your nonprofit doesn't conduct criminal history background or credit checks as part of the screening process for prospective employees who will be handling cash or managing significant financial transactions. Minimizing the chance of fraud losses begins with reducing the opportunity to defraud your agency of financial resources. Consider adding background checks for finalists for any positions with responsibility for handling funds, whether those funds are in the form of cash, check, or wire transfer. Keep in mind that if you use a third party to obtain consumer reports on prospective hires, you must comply with the provisions of the Fair Credit Reporting Act (FCRA). Also, check whether your state or locality has a 'ban the box' law prohibiting some or all employers from asking applicants about prior criminal convictions on the initial application for employment. These laws do not prohibit the use of background checks altogether, but require that employers wait to conduct background checks until a later hiring phase.

Policy Regarding Employee Theft

You indicated that your position on supporting the prosecution of employees who steal may not be known to all employees. While it's important to prosecute persons who steal from your agency, this policy won't serve as a deterrent unless it is communicated to employees. Consider adding a statement to your policies that address employee use of the agency's assets. Think about all of the critical assets and financial resources your nonprofit depends on when crafting these policies. For example, the nonprofit's business credit card, office supplies, expense reimbursements, postage, etc. For assistance on specific language, don't hesitate to contact the Nonprofit Risk Management Center for assistance at 703.777.3504 or info@nonprofitrisk.org.

Restrictive Endorsements

You indicated that incoming checks are not restrictively endorsed "for deposit only" with a stamp bearing your nonprofit's bank account number by the individual who opens the mail. Having checks endorsed with the nonprofit's account information upon receipt by a person who is not connected with the accounting function helps reduce the risk of "skimming." Skimming is a form of fraud whereby an individual steals incoming receipts prior to deposit. Skimming sometimes occurs when the person who receives incoming payments is also able to make journal entries in an accounting system. Skimming risk is greatest when incoming payments haven't been accrued or recorded in your accounting system, such as when someone sends an unanticipated donation. Payments expected by your nonprofit should be "accrued" and shown as accounts receivable until paid. A thief can intercept a payment for an outstanding invoice, but the

theft should be detected when the payment is reported as overdue and follow-up notices are sent. Ensuring timely, restrictive endorsements and segregation of duties are facets of internal controls.

Daily Deposits

You indicated that receipts are not deposited intact on a daily basis. Just as you wouldn't keep large quantities of cash under your mattress, the safest place for your organization's cash and securities is in the bank. Funds that are on your premises or in the possession of an employee or other individual, are subject to theft, loss, or accidental destruction. Also, if you have an interest bearing account, undeposited funds represent lost revenues that your organization could otherwise be earning.

Sometimes it may be impractical to make bank deposits every business day. In this case, consider implementing a policy of never having more than a certain amount of funds awaiting deposit in your office at any given time. Funds awaiting deposit should always be kept under lock and key. Use of a bank lock box allowing payments to be mailed directly to the bank can also be helpful in minimizing the amount of cash stored on your premises.

Use of a Bank Lock Box

You indicated that your organization does not use a bank lock box. A lock box is like a cross between a post office box and direct deposit. When you rent lock box services from your bank, the bank provides you with a unique box number to which your organization can have payments sent. Once the payment arrives, the bank deposits the funds in your account and sends the documentation (invoices, correspondence, etc.) along to you. A lock box offers the following advantages:

- Funds are deposited to your account immediately without delay and begin earning interest.
- Reduces the risk of theft or mishandling of funds.
- Saves staff time in processing checks onsite and preparing and making deposits

The fees banks charge for lock box service can vary widely. Contact two or three institutions before making your choice.

Contracts

Introduction

This section of your report contains recommendations on the subject of contracts. Effective contracts help the contracting parties begin an endeavor with a shared vision of desired outcomes and deliverables, options to limit risk and exposure if either party decides to withdraw from the relationship, tools to minimize or prevent surprises with respect to staffing and cost, and a roadmap for winding up or winding down the relationships if warranted by the circumstances of either organization.

Typical Contract Problems

Some of the typical challenges nonprofits encounter with contracting include:

- failing to limit contracting authority to designated persons
- not specifying expectations
- signing contracts that lack sufficient clarity
- not considering the possibility of termination, breach, or the possibility of circumstances that make it impossible to continue
- not realizing they have entered into a contract in the first place
- failing to assign responsibility for harm and the costs of harm
- failing to protect the nonprofit's assets, such as copyrights
- unexpected costs or disagreement about each party's responsibility for project expenses

As you review the recommendations in this report, remember that obtaining the assistance and advice of a lawyer licensed in your state is absolutely essential to protecting your agency's assets and good name. Your mission is too important to risk losing it all in a lawsuit or over unfavorable (and avoidable) terms in a contract.

Independent Contractor Agreements

You indicated that your agency uses written agreements with independent contractors. This is an important risk management practice that can dramatically reduce the risk of a misunderstanding concerning the nature of the appointment and each party's expectations.

As you may know, an effective independent contractor agreement does not have to be lengthy (a page or two can often suffice). You should review your current contract form to make certain that, at a minimum, it contains the following information:

- Name, type of entity (e.g., corporation, limited liability company, partnership, other?), street address, telephone number, and individual contact person of the independent contractor.
- A description of the services being provided and a timetable with measurable mileposts for when specific aspects of the service/work must be completed.

- Compensation (on monthly/work completed basis) based on invoices with dates, hours, and services performed, reports on milepost completion of work, and any out-of-pocket expenses that are necessary for the performance of the services (such as travel, lodging, and meals), but only if approved in advance and supported by appropriate documentation.
- The term of the agreement (beginning when, ending when).
- Provisions for terminating the agreement:
    - How much prior notice is required before termination?
    - How much, if anything, must the parties pay upon termination?
- Statement clarifying that the contractor is an independent contractor solely responsible for determining the means and methods for performing the services and for its own payment of taxes, with no entitlement to workers' compensation, unemployment compensation, or any employee benefits, statutory or otherwise.
- Statement that the contractor shall at all times comply with all laws, rules, regulations, and ordinances applicable to the performance of the services described in the contract.
- Statement that information obtained from you and about your organization and its operations and clients is confidential.
- Statement that the contractor agrees that all creative ideas, developments and creations conceived in the performance of the contract are the property of the Organization and assigns all those rights to the organization.
- Statement that the contractor will not engage in discrimination.
- Statement that the contract is the entire agreement, which cannot be amended except in writing by both parties.
- The State of governing law and forum for any legal action.
- Statement that the work may not be re-assigned by the contractor (e.g., the contractor you choose has to do the work; he cannot have someone else do it).
- The signatures of both parties.

Obtaining Legal Review of Contracts Prior to Execution

By using legal counsel to draft or review contracts, you are engaging in the best possible practice to limit your organization's contracting liability. In fact, using counsel immediately limits your organization's contracting exposure in three ways. First, you are virtually assured that every significant contract your organization has will be in writing. (Your lawyer already has - or will - insist upon that!). Second, you can expect that the contract will address all the general contract elements in a way that maximizes your organization's interests and protection. (That's good legal practice in contracting.) And third, as much as possible, your organization's specific needs and demands with each particular contract (e.g., your fundraising, hotel, and independent contractor agreements) will be reflected in when, where, and how the work, services, or goods will be provided to your organization.

Client and Participant Safety

Introduction

Every nonprofit offering services to children, dependent adults, individuals with disabilities and the elderly should take reasonable steps to protect its clients from foreseeable harm. The risk management tools available to a nonprofit must be evaluated and considered in light of practical, financial, and other considerations. This section of your report contains feedback and recommendations based on your answers to the questions in the Client and Participant Safety module.

Explicit Prohibitions Against Sexual Conduct

You indicated that your organization's guidelines make it clear that any behavior that is sexual in nature -- or that could be interpreted as sexual in nature -- is not permitted. While many organizations assume that such common sense guidance would not be needed, some have discovered that failure to be explicit concerning sexual behaviors has resulted in service recipients being victimized and some organizations subjected to lawsuits. This has been especially true in some programs for adolescents in which staff members may be close in age to the residents of the facility.

Hugging and Other Non-Sexual Contact

You indicated that your organization's guidelines do not specify that, when a hug is appropriate, it should be given from the side, over the shoulders - and not from the front. Hugging and other forms of non-sexual contact are important to the nurturing of most individuals. When hugging is a full frontal embrace, there is a possibility that it will be misinterpreted in a sexualized context. Staff should be admonished to respect the boundaries that are set by clientele and if any resistance to physical contact is sensed, they should refrain from such contact.

Staff Responses to Inappropriate Client Behavior

Staff members must know that it is their responsibility to set the boundaries when service recipients attempt to engage staff or other participants in inappropriate activities. You indicated that you have a policy that instructs staff about how they should respond when a service recipient attempts to initiate inappropriate contact.

Consider reviewing your policy to make sure that it instructs the staff to: confront the service recipient at the first sign of inappropriate behavior, identify the offensive behavior, explain that it is inappropriate, and request the service recipient to stop the behavior and not repeat it. Staff members should be directed to report all incidents to their supervisors. It is possible that service recipients may be attempting the same kind of boundary violations with other staff members and reporting it ensures that a consistent response is given. Repeat episodes should result in increased sanctions, including suspending the service recipient from the program.

Ensuring Adequate Staffing

Adequate staffing of all your organization's services is critical to the effective control of risks of personal injury and harm. Your policy that requires a minimum of two adults (such as two staff members or a staff member and a parent) to accompany all trips and outings helps to ensure that the opportunity for sexual abuse is minimized.

You indicated that your organization has a policy that establishes a required minimum ratio of staff/volunteers or parents to number of service recipients, depending on the nature of the activity and the requirements of participants for assistance. Adequate staffing is a key component of conducting safe activities and also provides protection for the staff and volunteers from false allegations of inappropriate conduct.

Limiting One-to-One Contact

You answered that your organization's policies do not limit one-to-one contact between staff members and service recipients. *Many organizations have established strict guidelines for their staff members that, in some cases, prohibit contacts that result in isolation of a staff member with a service recipient.* When such a contact occurs despite the rule, the staff member is required to report it to his or her supervisor. This rule limits the opportunity for sexual molestation of the service recipient and also helps to protect the staff member from false allegations of molestation.

Your organization should also examine the opportunity for one-to-one contact with service recipients in the context of transportation offered by the organization to vulnerable service recipients. When possible, the organization should minimize opportunities for one-to-one contact between vulnerable service recipients and individuals transporting them to and from organization sponsored activities.

When it is not possible to eliminate one-to-one contact when transporting clients, the organization should consider setting up a tracking system similar to that used by police departments when a male officer transports a female prisoner by himself. Generally this involves contacting the dispatcher when the prisoner is picked up and then contacting the dispatcher when the prisoner is dropped-off. The duration of the trip should be only long enough to transport from point A to point B. If an accusation of inappropriate behavior is lodged against the transporting officer, the time log may offer evidence that belies the accusation.

Protecting Client Privacy

You indicated that your organization has a written privacy policy that protects service recipients. Having a policy concerning client privacy is an important first step. It is also important to make sure that all staff members - employees and volunteers - understand the policy and are aware of their responsibility to use information about service recipients only as required by the organization for the delivery of its services.

Preventing the Release of Sensitive Information

Service recipients expect that organizations offering them services will not release information about their association with the organization unless the organization received permission from them. By having a policy that provides a reasonable safeguard against the release of sensitive information, you are upholding an important trust.

Nonviolent Conflict Resolution Options

Resorting to violence may be due to frustration -- the feeling that no other options are available. By offering opportunities for nonviolent conflict resolution and stressing the importance of using them, your organization has taken an important step to lessen the level of frustrations that individuals may otherwise experience and thereby avoid violence.

Review of Disciplinary Actions

You answered that you have a review process for disciplinary actions to ensure fair treatment of service recipients. *An administrative review process before disciplinary action is taken can prevent unfair and angry reactions by service recipients against staff.* Your current practice reduces the risk that service recipients will respond inappropriately to discipline.

Activity Selection Policies

You indicated that your organization has policies that guide the selection of activities offered by your organization. You have taken an important step in managing the risks which result from the kinds of activities you sponsor.

Ensuring That Programs and Services Support the Mission of an Organization

An organization should only place the safety of their service recipients at risk to the degree necessary to accomplish its mission. You indicated that the programs and services offered by your organization are evaluated in terms of their relationship to the mission of your organization. This is an excellent practice that reduces the likelihood that service recipients will be needlessly exposed to risk.

Offering Appropriate Activities

You indicated that the activities and programs offered by your organization are assessed for their appropriateness for the ages and abilities of the intended participants or service recipients. This is an excellent practice. Keep in mind that appropriateness may be measured in the context of the mental, physical, and emotional requirements for the program.

Identifying Client Medical Conditions

You indicated that your organization does not have policies and procedures for identifying service recipients' medical conditions that may limit participation in your organization's program. Many organizations that offer services to vulnerable clientele require either the service recipients or one of their family members to complete a medical history form. Information typically

collected includes information about chronic conditions such as respiratory or cardiac problems, allergies, contagious diseases, immunizations and other relevant medical facts. Most organizations also obtain the name of the individual's physician or primary care provider and his or her telephone number.

When service recipients' medical histories indicate that participating in your organization's programs might inflict harm on the service recipient, it is prudent to seek professional guidance before placing individuals in potentially life-threatening circumstances. Some individuals may be denied the opportunity to participate based upon their medical histories. Other individuals may need to have their activities restricted. Further, and above all else, the staff members in charge of the activities need to be informed of the risks and the appropriate responses if any of the risks materialize.

Instructing Trip Leaders

You indicated that you require or provide instruction for leaders of trips and outings concerning the appropriate steps in emergency situations such as medical emergencies, automobile collisions, fatalities, or injuries. Often tragedies can be averted when prompt action is taken. When leaders of an organization's activities know how to respond in the face of an emergency, precious moments can be saved in obtaining the required assistance. While every organization should take reasonable steps to prevent injuries and other kinds of emergencies, every nonprofit and its staff members should be prepared to respond when necessary.

Obtaining Emergency Medical Care

Planning for activities should include the possibility that one or more participants may be injured. Individuals in charge of activities need to know how to respond when a service recipient is injured. Congratulations on your policy of providing instructions to key personnel about obtaining emergency medical care.

Prompt Reporting of Injuries

You indicated that your emergency procedures require staff to promptly report incidents that result in injuries to participants. This is an excellent practice. Reporting incidents involving injuries to participants enables the organization to mobilize its resources to assist the injured parties and their families. It also enables the organization to be prepared for any media attention that the incident generates.

Communicating During an Emergency

In many respects the availability of cellular communications has facilitated ready access to emergency services when a crisis looms. Cell phones are not a total answer, however, as cellular service may not be available in some areas in which your organization conducts its programs. Even when cellular service is available, batteries go dead and equipment may malfunction. In widespread emergencies, circuits may become overloaded. For these reasons, additional options should be considered.

Guidelines for Media Relations

You indicated that your organization has written guidelines governing contact between staff members and media representatives. A media relations policy is an excellent risk management tool that can preserve public support of nonprofit programs while ensuring appropriate and timely responses to inquiries.

Guidelines Governing Access to Facilities and Clients

You indicated that your organization requires visitors to report to a central check-in point. A sign-in procedure for visitors enables the organization to identify individuals who visit your location and determine if they have a legitimate reason for visiting by asking them whom they are visiting and the purpose of their visit.

Physical Barriers to Control Access

You indicated that your organization employs physical barriers in order to control access to its facilities. Physical barriers can lessen the opportunity for unauthorized persons to gain access to your facilities and clients. Please note: do not create safety hazards by inappropriately locking fire/emergency exits in such a manner as to prevent evacuation in emergency situations. Also, never install or leave bars on windows unless the appropriate panic hardware is also installed.

Inspecting Facilities and Equipment

You responded that your organization requires periodic inspections of facilities and equipment used in conjunction with the services you offer. Inspecting program areas is an important risk management tool for identifying hazardous conditions before they injure a program participant.

Checklists

You indicated that your organization uses checklists for its inspections. Remember to keep your signed and dated checklists on file as documentation that scheduled inspections were performed.

Inspecting Equipment

You indicated that your organization requires regular safety inspections of your equipment. This is an excellent practice. Safety inspections ensure that equipment used by your organization is in safe operating condition and does not constitute a hazard when used for its intended purpose.

Making Your Expectations Clear

You indicated that your organization makes it clear during the screening and selection process what you expect with regard to the behavior of staff towards vulnerable service recipients. This is an important practice that reduces the risk that staff will subsequently act inappropriately.

Managers and board members of some organizations feel that an explicit statement prohibiting sexual acts with service recipients is unnecessary because no one in their right mind would consider such relationships to be proper. Unfortunately, the prevalence of inappropriate sexual conduct involving staff members and vulnerable service recipients gives rise to the need to clearly state what should be obvious. By making these statements during the screening process, you are putting individuals who are seeking a position with your organization in order to gain access to sexual opportunities on notice that the organization does not and will not tolerate such behaviors.

Position Descriptions for All Staff

You indicated that your organization uses written position descriptions for paid staff and unpaid volunteer positions. Position descriptions are a valuable risk management tool. Through the use of written position descriptions for all of your organization's employees and volunteers, you may establish the boundaries for the responsibilities that each position has and may even limit the activities of staff members to those that are within the scope of the position. This will help avoid staff members' involvement in activities for which they are not qualified or are outside the scope of your organization's services.

Use of Criminal History Record Checks

The most common types of criminal history record checks are state-based checks and federal (FBI) record checks. Generally, checking both state and federal criminal history databases involves two separate processes. State-level criminal history record checks will only reveal convictions for crimes that occurred in the state being checked. If you do not conduct a federal criminal history record check you may miss offenses committed in other states.

Verifying Required Credentials

When specific credentials -- degrees, licenses, or certificates -- are required for holding a position, your organization is wise to verify that applicants possess the applicable credentials. According to human resources experts, more than a third of all resumes contain material misstatements.

Orienting New Staff

You indicated that your organization provides an orientation session for new staff members. This practice is an important tool for reducing the risk that staff members will behave inappropriately toward clients, or otherwise violate the organization's rules and procedures. An effective orientation provides a clear explanation of the organization's mission, policies, procedures and expectations, and affords an opportunity for participants to pose questions about specific circumstances.

Mandatory Reporting

You responded that you provide information about reporting procedures for suspected abuse of a service recipient during your orientation for new staff. *Vulnerable service recipients, both child and adult, may be targets for abuse.* Staff members need to know what abuse is, red flags of possible abuse, what actions to take when abuse of a service recipient is suspected, and what the staff member's legal responsibilities are.

Most states have laws requiring caregivers of vulnerable individuals to report suspected abuse to either a protective services agency in state or county government or to a law enforcement agency. Failure to report suspected abuse could result in both criminal and civil penalties.

See the following website for an overview of mandated reporter obligations in New York and basic information about the New York State Child Protective Services (CPS) system.

In-service Training

You indicated that your nonprofit provides in-service training for staff who work with vulnerable populations. This is an excellent practice. Congratulations on your efforts to train staff members in order to maintain the quality of your programs and the safety of your service recipients.

Transportation

Introduction

This segment of your report contains feedback and recommendations on the subject of transportation risks. Vehicular accidents are one of the leading causes of injury to nonprofit staff and volunteers and they are a common source of claims filed against nonprofit organizations. A surprisingly high percentage of these claims involve a single vehicle, such as property damage caused by backing into a post in a parking garage. Single vehicle accidents are most likely to occur when a driver is unfamiliar with a vehicle.

The risk of a transportation claim exists whenever a car, truck, bus, or other vehicle is used on behalf of a nonprofit. Many accidents can be avoided through the adoption of policies and procedures concerning drivers, vehicles, and passengers. In some cases, risk can be transferred to or shared with a contract transportation provider. A transportation risk financing strategy that includes automobile coverage is a must for every nonprofit.

Understanding Your Transportation Exposure

You indicated that your organization provides or sponsors transportation services or owns (or leases) one or more vehicles. Transportation is the means for an organization to carry clients, volunteers, employees, goods, or equipment from one place to another. For many nonprofits, transportation services are an integral part of fulfilling the organization's charitable mission. For example, a nonprofit that delivers hot meals to shut-ins cannot operate without volunteers or employees driving either their own or agency vehicles. Many nonprofits that do not provide transportation services overlook their incidental transportation exposures. It is nearly impossible for a nonprofit to operate today and not have some form of transportation exposure. The risks may arise from "incidental driving" such as an employee or volunteer driving his or her own vehicle to attend meetings, or an agency function, or to run an errand to the bank, post office, or office supply store.

While every nonprofit has the possibility of a loss from an automobile claim, the level of risk increases when an organization's core business includes transporting people, materials, or equipment, or when an organization owns or leases vehicles. Therefore, your agency must be diligent in managing the risks associated with your transportation activities as well as the risks from incidental driving.

It is always prudent to consider whether your nonprofit's transportation activities are essential to achieving your core mission, or whether you can transfer or share the risk of loss by engaging a contract provider of transportation services.

Direct Versus Vicarious Liability

Your organization's potential liability can be direct or vicarious. With direct liability, your organization may be responsible for the actions that caused harm to another. These allegations

can include failure to screen, select, train, or supervise your drivers. Vicarious liability occurs when responsibility for the actions of your "agents" (drivers) is transferred to your nonprofit. Vicarious liability is the reason why your organization needs to be concerned about who is driving on its behalf - especially when they are driving their own vehicles. To be considered your "agent," the driver or agent must be acting on behalf of the organization and with its authority. Second, the organization must have the right to control the driver's actions. Finally, the incident must have occurred while the driver was acting within the scope of his or her duties.

The following section further explains the conditions needed for your organization to be deemed vicariously liable.

Organizational Authority

In order for a nonprofit to be vicariously liable for the actions of its drivers, the drivers must be acting on behalf of the organization and with its authority. Therefore, the driver must be an active part of your program and someone to whom you granted authority to drive on your behalf. Consider the following in determining if your personnel are operating with organizational authority. Did your organization:

- sanction or approve the activity?
- approve either the driver or the transportation activity (either actively or passively)?
- benefit from the approved transportation activities?
- have a formal driver selection and training program?

The issue of organizational authority is related closely to the organization's right to control its personnel and the scope of the person's duties.

Right to Control

The organization can also be liable if it had the right to control the driver, even if the organization never exercised its right of control. Consider the following questions when determining control. Did your organization:

- decide to undertake the activity?
- plan the scope and detail of the activity?
- ask the driver to participate?
- supervise driver performance and, if necessary, could it have reassigned the task to someone else?

Under some circumstances, a "yes" answer to any of these questions may prove to be sufficient evidence of the organization's right to control the driver.

Scope of Responsibility

Another factor in determining liability is whether or not the person causing the harm was acting within the scope of his or her duties. To determine the scope of the driver's responsibilities, consider:

- Was the activity consistent with your organization's mission?
- Was the activity a regular part of the organization's program?
- Did anyone within your organization authorize the trip?
- Was driving part of the person's position description?
- Was driving related, or incidental, to normal duties?
- Did your organization benefit from the trip?

A "yes" answer to any of these questions may prove to be sufficient evidence that the driver was acting within the scope of his or her duties.

Transportation Risk Management Statement

You responded that your organization does not have a written transportation risk management statement. Although you do not have a written statement, organizational culture and common practices may imply your transportation risk management philosophy. However, it is always better for an organization to create written guidelines, rather than assume personnel understand your goals and priorities. Consider adopting a formal "safety first" philosophy for all of your organization's activities and services, not just for your transportation exposures.

The statement can also incorporate your basic driver safety rules. The rules may delineate desired behavior, such as always wear seatbelts, lock car doors, and do not play loud music, or have other distractions. Other guidelines are to not drive when overly tired or taking medication that impairs your abilities, do not use cell phones while driving and so on.

Vehicle Use Policy

You indicated that you have a policy concerning the use of your organization's vehicles. This is an important risk management tool.

We recommend that you review your policy and consider making sure that it clarifies:

- Who is authorized to drive the agency's vehicles;
- Who is authorized to drive their own vehicles on behalf of the organization;
- The approved uses for the vehicles (transporting clients, materials and equipment, etc.);
- If employees, volunteers, or clients can use the vehicles for personal errands. If yes, the process for requesting and granting permission for personal use of the organization's vehicles;
- If members of the employee's or volunteer's family can drive the organization's vehicles;
- Whether your organization prohibits any uses such as transporting hazardous materials, carrying passengers in an open truck bed, participating in car rallies, or other activities;

- What driving restrictions apply, such as limited night driving, limits on the number of hours someone may drive in one day, or the requirement that drivers take periodic rest breaks.

Passenger Behavior Policy

You indicated that you do not have a specific policy about passenger behavior. Most people have witnessed drivers coping with mild to severe passenger distractions. From heated arguments with "back seat drivers" to imposing discipline on children or other passengers within the vehicle, passenger distractions are accidents waiting to happen. Passenger safety and behavior guidelines are an important component of a comprehensive transportation program.

All passengers transported by your paid and volunteer staff should be required to use basic safety equipment such as seatbelts, child safety seats, and wheelchair tie-downs as needed. Passengers should also adhere to minimum safety procedures, such as not causing distractions to the driver of the vehicle, remaining seated, not playing loud music and no horseplay while in the vehicle. Drivers and other passengers should be required to report all violations of these rules to the appropriate personnel. The organization should consider disciplining passengers who repeatedly violate the organization's rules including the possibility of losing future transportation privileges. Passengers should also be encouraged to report any observed unsafe driving practices to the appropriate personnel.

Accident Reporting Procedures

Consider reviewing your guidelines to make sure that they:

- Stress the importance of reporting accidents to the organization as soon as practicably possible (after medical assistance has been rendered to victims).
- Clearly delineate the person to whom accidents should be reported.
- Emphasize that the organization's primary concern - and that of its drivers - is the health and well-being of the driver, passengers, the occupants of any other vehicles involved in the accident, and, if applicable, involved pedestrians or bystanders. Instruct the driver to stop at once and give aid to anyone injured in the accident and check for injuries. Drivers should also be told not to move occupants who appear to be seriously injured.
- Emphasize the importance of getting out of harm's way and protecting everyone after the accident. Many secondary accidents occur when drivers involved in a collision fail to pull over and get out of traffic lanes. A growing number of states are adopting fender-bender laws that require motorists involved in accidents to move their vehicles into breakdown lanes.
- Explain the importance of placing warning devices 200 to 300 feet behind the vehicle. Flares or markers should be placed so that traffic has enough warning to react and slow down.
- Instruct drivers and passengers involved in an accident to notify the police or highway patrol immediately, and also, to request a copy of the police accident report.
- Instruct drivers to collect additional information at the accident scene such as the license plate numbers of all involved vehicles, and the names, addresses, and driver's license

numbers of all persons involved in the accident, including any witnesses. Require that an Accident Reporting Form be kept in the glove box of a vehicle at all times. Train all personnel in the proper completion and distribution of the form.

- Inform drivers and passengers that they may furnish the name and address of the insurance company that provides your organization's automobile liability insurance coverage to anyone involved in the accident who requests the information. They must also give the name of the organization's local insurance agent. This information should be accessible to all drivers, and may be stored in the glove compartment with blank accident forms. Most states require that every vehicle contain proof of insurance.
- Explain the importance of preserving evidence after a collision. Many organizations keep a disposable camera in their vehicles to use in taking pictures at the accident scene.
- Clarify the importance of avoiding a discussion with persons at the scene about who is to blame for the accident. Drivers should be instructed not to apologize or admit responsibility or guilt for the accident, but express concern without admitting liability.

Require an internal review following an accident to determine if the organization's policies and procedures were followed and if they were effective. Based upon the findings, revise any policies or procedures to more effectively respond to an automobile accident.

Potential Liability for Damages Caused by an Unpaid Driver

A nonprofit *can* be held liable for the negligent act of a volunteer whether the volunteer is driving an agency vehicle or his or her own auto on agency business. An organization can be held *directly* liable for actions that cause harm to another. The injured party might assert that the organization failed to screen and select its drivers properly. Another plaintiff might allege that a nonprofit failed to train or to supervise its drivers and other personnel.

A second form of liability is *vicarious* liability where the actions of an organization's agents are transferred to the nonprofit. Vicarious liability becomes important when a nonprofit has employees or volunteers driving their cars or other vehicles not owned by the nonprofit on agency business. Under the theory of vicarious liability, a nonprofit could be responsible for the actions of its drivers and other personnel if three conditions are met. First, the driver or agent must be acting on behalf of the organization and with its authority. Second, the organization must have the right to control the driver's actions. Finally, the incident must have occurred while the driver was acting within the scope of his or her duties.

Driver Screening

Screening all drivers makes good sense. Since you are already screening your drivers, you know how important this step can be. However, an effective screening and selection process needs to be quite thorough. Some organizations are casual about screening and selecting their drivers, but if there's an accident involving an "unqualified" driver, the organization's lax attitude toward screening may come back to haunt it.

The establishment of a driver selection process should be a part of your usual employee or volunteer screening program. As a rule of thumb, the greater the transportation exposure, the

more extensive the driver screening process should be. First, you should review each employee and volunteer position description to determine if driving is a part of the position. The extent of the transportation exposure will vary by the position. You can view the exposures and appropriate selection process as a continuum. On one end of the continuum are the positions that do not involve any driving. At the other end of the continuum are the most hazardous positions that involve activities such as the use of buses and vans to transport people, handling special materials or equipment, transporting people with special needs such as wheelchair lift vans, or driving large, heavy vehicles. The middle section includes positions with less hazardous exposures such as transporting people in private passenger vehicles or more frequent driving as an essential function of the position that doesn't require any special licenses or training.

A basic screening process might include an application, personal interview, reference checks, verification that the applicant has a valid driver's license, and proof of personal auto insurance. Additional items that might be considered in a more rigorous process include: a statement of driving history, statement of medical condition, motor vehicle record, and a driving test.

A description of some of the tools available for driver screening and selection is provided below:

- *Position Application* - Collect basic personal information and questions regarding the person's driving status.
- *Personal Interviews* - Have someone from your organization interview the applicant to determine their acceptability for the position. Consider requiring the applicant to bring their motor vehicle record (MVR) to the interview.
- *Reference Checks* - Contact non-family references to determine the person's suitability for the position.
- *Valid Driver's License* - Confirm that the applicant has a valid driver's license and note any restrictions or limitations placed on their ability to drive (i.e., no night driving, special equipment, corrective lenses, etc.).
- *Statement of Driving History* - For the occasional driver, it may be acceptable to ask the applicant to complete a statement of driving history instead of ordering a copy of his or her motor vehicle record.
- *Proof of Personal Insurance* - If the person will be driving his own vehicle, your organization may want to require proof of personal automobile insurance with stipulated limits.
- *Motor Vehicle Records (MVR) Check* - Look to your state guidelines for how to access DMV records.
- *Special Licenses or Certifications* - Certain sizes and types of vehicles require special driver's licenses such as the Commercial Driver's License. In some jurisdictions drivers who transport persons with developmental disabilities must obtain a special certificate. Determine if there are any special requirements applicable to the types of vehicles your organization operates or the types of passengers served.
- *Statement of Medical Conditions* - Some organizations require their drivers to submit a statement of their medical condition that includes any medications the person is taking.
- *Driving Test* - You may want to work with your local police department to have applicants take an "on-the-road" driving test.

- *Physical Examination* - Some driving positions may require that the person receive a physical medical examination prior to operating the vehicle.
- *Drug and Alcohol Testing* - An organization may decide to implement a drug and alcohol testing program for its drivers. Such a program is mandatory for any position that requires a Commercial Driver's License.

Additional screening tools are available, but this highlights the main methods used by nonprofit organizations.

Driver Applications and Supplements

If a person is recruited as a driver or driving constitutes an important or major aspect of the person's position, a specific Driver Application should be used in conjunction with your organization's usual employment or volunteer application. When driving is not a major job function then you can either incorporate driving questions into your standard applications or use a supplemental application.

For positions requiring extensive driving, a Driver Application should request:

- Name
- Address
- Telephone Number
- Date of Birth
- Driver's License Number and State of Issue
- Emergency Contact Name and Telephone
- Current Employer (name and address)
- Position Held
- Dates of Employment
- Reason for Leaving
- Special Certificates: e.g., CPR, Medical Certificate, Defensive Driving, First Aid (indicate certificate(s) and expiration dates)
- Accident Record for the Past Five Years - Consider asking the applicants to list the dates of accidents, describe the nature of each accident (e.g. head-on, rear-end). Also indicate whether the applicant was found to be at fault, and if there were any fatalities or injuries.
- Traffic Violations for the Past Five Years - Moving violations only, but include any cases where the applicant received "probation before judgment." Request the city and state of each violation, date of the violation, and infraction and penalty.
- Have you ever been denied a license, a permit, or the privilege to operate a motor vehicle?
- Has any license, permit, or privilege ever been suspended or revoked?
- Personal Insurance - Do you have an insurance policy for your personal vehicle that meets or exceeds the limits required by state law? If yes, provide the name of your insurance carrier and your policy number.
- Agreement to Abide by the Nonprofit's Policies - The application should include a statement indicating that the applicant has read and agrees to abide by the nonprofit's policies, including its driving policies, will attend any courses or training required by the

nonprofit, and will inform the nonprofit of any moving violations or at-fault accidents that occur during the applicant's tenure as a volunteer or staff member, whether or not they occur while working for the nonprofit.

- Seatbelt Warranty - Some nonprofits add language about seatbelt use as a warranty at the bottom of the application. For example, "I also understand it is the policy of [Nonprofit] that all passengers and drivers must at all times wear seatbelts when riding in an organization vehicle. I agree to abide by this policy and will not transport a passenger who refuses to fasten or have his or her seatbelt fastened unless he or she is excused from this requirement by a physician's certificate."
- Truth Clause - Just above the applicant's signature should be a truth clause or false information warning. While there are many reasons for rejecting an applicant for a position at your nonprofit, dishonesty on the application is among the most defensible reasons for rejection. Every nonprofit application for volunteer or paid employment should include a truth clause. A sample is provided below:

"I certify that the answers given by me to all questions on this application and any attachments are, to the best of my knowledge and belief, true and correct and that I have not knowingly withheld any pertinent facts or circumstances. I understand that any omission or misrepresentation of fact in this application or on my resume may result in refusal of or separation from employment/volunteer service upon discovery thereof."

- Applicant's Signature, Date

For those positions with only incidental driving, the driving supplement might include the following:

- Driver's License Number and State of Issue
- Personal Insurance - Do you have an insurance policy for your personal vehicle that meets or exceeds the limits required by state law? If yes, provide the name of your insurance carrier and your policy number.
- Special Certificates - e.g., CPR, Medical Certificate, Defensive Driving, First Aid. Indicate certificate(s) and expiration dates.
- Accident Record for the Past Five Years - Ask the applicant to list the dates of accidents, describe the nature of each accident (e.g. head-on, rear-end), indicate whether the applicant was found to be at fault, and indicate if there were fatalities or injuries.
- Traffic Violations for the Past Five Years (moving violations only, include even if received "probation before judgment") - Request the city and state of each violation, date of the violation, and infraction and penalty.
- Agreement to Abide by the Nonprofit's Policies.

Verifying Licenses

By making certain that all authorized drivers of the organization's vehicles have current, valid drivers' licenses, you are performing a very simple, but important, task. Make sure that each driver is legally licensed to drive the type of vehicle to be used and that no license restrictions

affect the person's ability to perform his or her duties. Always make a copy of the license for your files.

It is also a good practice to check for valid driver's licenses for all employees or volunteers that might drive occasionally for the organization. This includes employees and volunteers that use their own vehicles, not just the people driving the organization's vehicles.

You might also consider checking drivers' records through your state Department of Motor Vehicles. Some nonprofits require applicants for volunteer positions to produce a copy of their current Motor Vehicle Record (MVR), while other organizations obtain the applicant's permission to check their motor vehicle records and do so later.

MVR Checks

Checking the driving records of applicants for driver positions of agency vehicles is a reasonable and appropriate risk management procedure. You should consider also checking the records for personnel that may drive their cars on your behalf. Driving records are maintained by the Department of Motor Vehicles (DMV) in each state. These agencies track each licensed driver's traffic violations and vehicle accidents. Like other tools, however, you need to use the information gathered properly to achieve your desired results. Checking official agency records is *not* a panacea. *Do not be lulled into a false sense of security*. Conducting a motor vehicle record check is not a substitute for using other screening tools or risk reduction techniques such as closely supervising personnel (employees and volunteers) and monitoring their performance after placement. Moreover, conducting a record check should not lead you to disregard danger signs that appear during other parts of the screening process.

Here's a suggested approach for checking motor vehicle records:

Step 1 - *Determine if the position involves driving*

The decision to check official agency records - including motor vehicle records - should be based primarily upon the specific responsibilities of the position. If operating a motor vehicle is not part of the position description, then why check driving records?

Step 2 - *Decide if an MVR check is necessary*

Decide which positions require that each person's MVR needs to be checked. Consider checking the MVRs of persons authorized to drive your nonprofit's vehicles. Remember, it may still be a good idea to check a driver's MVR, even when they will be driving their own vehicle. If the position involves only incidental driving, you may want to consider using a Statement of Driving History as a screening tool.

Some proponents of record checks assert that a check encourages self-screening. They believe that individuals with disqualifying records will be discouraged from applying for driving positions. Using official records as a screening tool may also strengthen your position in litigation. Although the organization is responsible if its driver is at fault (negligent) it can avoid

possible allegations of gross negligence by showing that it took proper care in screening its drivers. An organization with access to these records may be subject to criticism if it fails to use it especially if the information is readily accessible and affordable. Both of these reasons for using record checks may be valid. However, every nonprofit must balance its selection of screening tools against the factors of relevance to the position, availability, usefulness, cost, and legal permissibility.

Step 3 - *Establish criteria*

Before ordering motor vehicle records on applicants, you must first carefully define your selection criteria that will enable your organization to function while following its policies and procedures on a consistent basis. The selection process should identify traffic violations or accidents that will disqualify someone automatically, establish rating criteria, define judgment factors, and permit the information to be examined in the context of organizational requirements and other life experience factors of the applicants.

For example, what motor vehicle offenses would automatically disqualify an applicant? Would an applicant with a recent moving violation be automatically disqualified? Would an applicant with a moving violation five years ago be disqualified automatically? What was the nature of the moving violation - speeding, running a stop sign or red light or driving under the influence? We suggest starting with a list of offenses that would automatically disqualify any applicant, e.g. any arrest or conviction for driving under the influence or driving while intoxicated, vehicular manslaughter, or reckless driving. Then develop more specific criteria: e.g. two moving violations in the past 5 years, for disqualifying an applicant.

Step 4 - *Obtain MVR checks on all applicants for designated positions*

If you decide that MVR checks are necessary for specific positions, you should obtain motor vehicle records for all candidates for those positions. Consistency is a key issue in any effective screening and selection process. The failure to conduct record checks on all candidates for a position may be viewed as discriminatory. In addition, it may be hard to explain if your organization placed a person not screened in accordance with your policies in such a position and that person caused an injury or perpetrated a crime.

Step 5 - *Provide applicants with disqualifying offenses an opportunity to respond*

Unfortunately, states can make errors in recording traffic violations. It is a good risk management practice to allow applicants with disqualifying offenses to confirm if the information is correct. If the information is incorrect, the applicant should have the opportunity to "correct the record."

At a minimum, all of your drivers should have an acceptable driving record as defined by your organization. Your insurance company and agent or broker can assist you in establishing effective guidelines. Remember that checking motor vehicle records must be an on-going process. Depending upon the extent of driving exposure, the MVRs can be reviewed annually.

Also be prepared to take the appropriate action if a volunteer or employee develops an unacceptable driving record while working or volunteering for your organization.

NOTE: Under Federal law anyone driving a vehicle that holds sixteen or more people (including the driver), such as vans or buses, must have a valid Commercial Driver's License (CDL). The law also requires the driver of any vehicle over 26,000 pounds to have a Commercial Driver's License. Many states have adopted more stringent requirements for Commercial Driver's Licenses. For example, California requires that anyone driving a vehicle holding ten (10) or more passengers, including the driver, have a Commercial Driver's License (Class "B" License). Check with your state Department of Motor Vehicles or your insurance agent to determine your state's requirements.

The U.S. Department of Transportation's CDL regulations require prospective employers to check, within thirty days of the date the driver's employment begins, the motor vehicle records for the applicant's driving history. The organization must also conduct an investigation of the driver's employment record for the past three years.

Driver Training

You indicated that you train your drivers. This is an important risk management step. Just be sure that you train all drivers - employees *and* volunteers. In fact, you should provide the same training and risk management procedures for any person holding a specific position whether they are volunteers or employees. One training tool is a driver's handbook that states your policies and expectations clearly.

An effective training program, like the selection process, should be developed based upon the nature and extent of the driving performed for each position. Not everyone needs to be trained to the same level unless they are performing the same tasks.

Consider reviewing your training program to make sure that the topics listed below have been covered.

New Employee/Volunteer Orientation

- General Overview of transportation policies and procedures
- Transportation risk management statement including your organization's general driving rules
- Authorized drivers and vehicle use
- Mileage reimbursement policy
- Accident procedures

Position Specific

- Any skill requirements or special training or licenses (first aid, CPR, special driver's license, etc.)

- Training on driving certain types of vehicles (i.e., panel trucks, large passenger vans, trucks, or buses)
- Defensive driving and other driver training programs
- Passenger assistance
- Vehicle inspection and maintenance procedures including documentation
- Use of trip logs
- Supervision - chain of command
- Transportation safety program - incentive awards, safety meetings, safety committee, review of transportation issues/problems

Supervising Drivers

You indicated that you have someone responsible for overseeing your paid and volunteer drivers. Having a supervisor for driving activities is an important first step in managing transportation risks in your nonprofit. Make certain that this person has the authority to enforce the policies adopted by your organization. Also ensure that the supervisor is well versed on your transportation policies and procedures and can articulate them to all drivers in the program.

Monitoring Driver Performance

Monitoring driver performance on an ongoing basis is another effective risk management tool. The proper supervision of drivers requires continuous performance monitoring and evaluation. You indicated that you do evaluate your drivers. This is an important practice that we encourage you to continue. Consider reviewing your process for drivers of agency vehicles to include the applicable following elements:

- Periodic review of each driver's motor vehicle record
- Periodic road test
- Confirmation of medical condition if applicable
- Written driver safety tests
- Review of accident and incident reports
- Regular performance reviews and conferences
- Review of complaint logs
- Review of transportation program logs and reports (inspections, maintenance reports, trip logs, etc.)
- Verification of position requirements - current and valid driver's license, certificates or special licenses, and personal automobile insurance

Commercial Driver's License Issues

Under federal law, the drivers of vehicles holding 16 or more passengers (including the driver) or weighing more than 26,000 pounds must have a Commercial Driver's License (CDL). Aside from the need for a CDL, your organization is subject to numerous Federal and state regulations. The U.S. Department of Transportation's CDL regulations require prospective employers to check, within thirty days of the date the driver's employment begins, the motor vehicle records for the applicant's driving history. The organization must also conduct an investigation of the

driver's employment record for the past three years. For additional information on the regulatory requirements, contact the U.S. Department of Transportation (www.dot.gov) or your state Department of Motor Vehicles.

Owned or Leased Vehicles

You indicated that your organization owns or leases one or more vehicles. Your organization either provides transportation for your clients or has enough employee or volunteer travel to have its own vehicles.

No matter what type of vehicles you own - private passenger cars, buses, trucks or vans or some combination -your organization is responsible not only for who drives the vehicles but their maintenance and upkeep. Every nonprofit that owns vehicles should have policies and procedures in place to manage the risks of owning and operating motor vehicles.

Vehicle Selection Policy

You indicated that you have a vehicle selection and replacement policy. The following are some factors to consider in evaluating the adequacy of your policy:

- Do you have specific criteria for selecting the type of vehicle(s) your organization needs to fulfill its mission - private passenger cars, minivans, vans, different types of trucks, or buses? If you require buses, what passenger size is needed?
- Does the criteria include the type of safety equipment that must be installed such as airbags, side impact features, anti-lock brakes, four-wheel or all-wheel drive, head restraints, large side mirrors, backup alarms and mirrors, cargo holders and any special mechanical equipment such as lifts?
- How often will you replace your vehicles?
- Is replacement dependent upon the vehicles' age, mileage or obsolescence?

Trip Logs

You indicated that you maintain trip logs for your vehicles. These logs can assist you in evaluating the need for and effectiveness of the various vehicles your organization owns. The logs also can reinforce to personnel that they are driving an agency owned vehicle and that their actions have a direct effect on the organization.

Inspections

You indicated that your organization does not require or document pre- and/or post-trip inspections of your vehicles. Mechanical failures and poor maintenance may cause or contribute to an auto accident. Remember that you have a responsibility to maintain safe motor vehicles for your organization. We urge you to consider conducting pre- and post-trip vehicle inspections.

First, assign the responsibility for vehicle maintenance to one person (with a back-up), even if the vehicles are assigned to specific personnel. The assigned transportation staff person can work

with others in the organization to ensure that your vehicles are properly maintained as well as be responsible for any fleet or pool vehicles owned by your organization.

For fleet or pool vehicles, the driver should, before each trip, perform a visual inspection of the vehicle. Create and use an inspection form that the driver should submit at the end of every trip. The checklist form will enable the driver to check the various components and safety equipment of the vehicle. After the trip, the driver should re-inspect the vehicle and note any problems that developed during the trip. On a periodic basis, the transportation manager should also inspect the vehicles and take any action needed.

It is important to retain records of these various inspections and maintenance. Improper or inadequate maintenance can be a factor in an auto accident. Written records are important to confirm that people are performing appropriately and demonstrate that your organization maintains its vehicles in a safe operating condition.

Documenting Vehicle Maintenance

Ensuring proper maintenance and repairs is one of the primary reasons for the pre- and post-trip inspections. However, if a driver does not know how to inspect or how to report problems, the inspection procedures are meaningless. You indicated that your organization has established procedures including documentation for routine and special maintenance. This indicates that you recognize the critical connection between safe equipment and a safe transportation program.

Understanding the Exposures for Rented, Hired and Borrowed Vehicles

You answered that neither your employees nor volunteers rent, hire or borrow vehicles from others. Have you considered all of the possible circumstances in which someone from your organization may rent, hire or borrow a vehicle? They may rent a car while on a business trip, rent a van to transport staff or clients to an event, or rent or borrow a vehicle from another organization, such as a school, church, local business, or other nonprofit to move equipment or materials. Even if none of this occurs now, is it possible in the future that your organization will rent, hire or borrow vehicles?

Another issue is whether or not your organization loans its vehicles to other groups. Many organizations are surprised to learn that when they loan a vehicle their insurance is the first and often only source of recovery for both liability and damage to the vehicle in the event of an "at-fault" accident. Your insurance policy will pay for both a liability loss as well as the physical damage to your vehicle. Therefore, it is important to evaluate when, if at all, your organization will loan its vehicles to another organization.

Verifying Personal Auto Coverage

You indicated that you do not require proof of personal auto insurance from personnel who drive their own vehicles for your organization's benefit. Requiring proof of coverage is an excellent risk management strategy when you have personnel driving their own vehicles on agency business. In the event of an at-fault auto accident, the vehicle owner's insurance policy is the first

line of coverage for a liability loss. If the owner does not have auto insurance or the limits are very low, the responsibility for the financial consequences of the accident could be shifted to your organization. Therefore, your organization can protect itself by requiring your drivers to provide proof of personal auto insurance.

A related question is: what policy limits are appropriate for personnel using their own vehicles for the agency's business? Many organizations require that each driver have the limits required to meet the state's financial responsibility law.

Some organizations require liability limits higher than the state minimum. Your agency should evaluate its needs and resources to determine what personal auto liability limit it will require of its drivers. We encourage you to remind your employees and volunteers that their personal auto insurance will respond to any loss first. You should also tell them that your organization does not have any insurance coverage that will reimburse them for any physical damage to their car.

Cargo Insurance

You indicated that you transport cargo either in your own vehicles or through transportation companies. If you also have cargo insurance for these goods - well done! Few nonprofits recognize their potential exposure to loss from transporting goods and materials. Many organizations assume that a transportation company will assume responsibility. However, a company's liability for your cargo is usually very limited. Also, some larger nonprofits have their own trucks and tractor-trailers that they use to haul materials. No auto policy covers the cargo carried by, within or on the vehicle. For this exposure, you need an inland marine policy.

Technology and Privacy Risk Management

Introduction

This section of your report contains feedback and recommendations about managing technology risks based on your answers to the questions in the Technology and Privacy Risk Management module. The suggestions in this report follow the subtopic headings for the module: Technology Policies, Cybersecurity Assessment, Technology Vendors, Sensitive Information, and Cyber Liability Insurance.

Comprehensive Policy

You indicated that your technology policy may not be comprehensive. The use of technology policies in the nonprofit sector is still an emerging practice. Having a technology policy is commendable. The next step is to review your policy to make certain that it "covers the bases" without being so lengthy or complex that it requires an "executive summary." You don't want employees to violate your policies because they were hard to understand or took too long to digest. Some of the factors that you might want to consider in reviewing your policy are presented below:

A comprehensive technology policy:

- addresses the most critical prohibitions or rules concerning employee use of technology and places an appropriate degree of emphasis on critical issues;
- addresses past incidents of misuse as well as anticipated misuses (intentional and accidental);
- is descriptive but uses terms and language that will be readily understood by all employees;
- anticipates employee questions about their use of technology;
- dispels the notion that employees enjoy privacy with respect to their use of equipment owned by the nonprofit;
- reminds employees about the permanency of e-mail and cautions against the sending of e-mails that would cause embarrassment to the sender if broadcast.

BYOD Policy

You indicated that your agency does not have a "Bring Your Own Device" Policy. Many staff simply don't realize the security risks associated with smartphones. We recommend that you adopt a BYOD policy that clarifies what agency information may and must never be accessed on personal devices. For example, the policy may allow employees to retrieve and send email messages from their phones, but strictly prohibit signing on to payroll, human resources or donor databases from a personal device.

As you develop your policy, remember to:

- specify what devices are covered
- make it clear who owns what
- ensure that a plan is in place to disable email and other resources accessible on a personal device at employee separation
- communicate the BYOD policy to employees, including instructions on what type of data may be accessed on personal devices, procedures for accessing data securely (e.g., through a secure network), and procedures for storing and transmitting data securely (e.g., using encryption).

You might also decide to offer resources to employees such as AT&T Toggle, a BYOD solution that allows employees to switch from 'work mode' to 'personal mode' on a smartphone. Whatever your BYOD policy is, aim to strike a balance between protecting organizational data and upholding the privacy rights of your employees.

For additional information on BYOD policies, see:

- [Personal Devices at Work](#) - NRMC
- [BYOD Policies: What Employers Need to Know](#) - SHRM
- [7 Tips for Establishing a Successful BYOD Policy](#) - CIO

Telework Agreements

You responded that your telecommuting employees are required to sign a "Telework Agreement" outlining the restrictions and requirements associated with your telecommuting program. A Telework Agreement can be an effective risk management tool, enabling a nonprofit to reduce the likelihood of surprise in the supervision of telecommuting employees. You might want to review your current Telework Agreement to make certain that it includes the following critical elements:

- An overview of the parameters of the program, and any special requirements that apply (e.g. that telework locations be within the state where the nonprofit operates, or that the nonprofit will be allowed to inspect the work site).
- Information on the nonprofit's systems security provisions and instructions.
- A restatement of the nonprofit's applicable code of conduct.
- Information about the required work schedule and means of communications between the employee and the "home office" as well as contact between the employee and the nonprofit's clients and outside vendors.
- A signed statement that the employee agrees to establish and maintain a safe and secure home workstation and that the employee has read and understands the policy and agreed to abide by its provisions.

Passwords Policy

It is common practice to require a level of security with password usage for various account logins (email, system, databases, etc.). You should develop your policy so that it addresses the following:

- *Strength of password*: This addresses the length of the password and the types of characters that must be utilized. There may also be guidelines that cover how often previous passwords can be reused and how unique a password must be from previous passwords.
- *Frequency of change*: Passwords should be changed on a regular basis but there is no uniform guideline on this topic. Some experts suggest that passwords for sensitive sites be changed at least 2-3 times per year. In a 2009 publication from the National Institute of Standards and Technology (NIST), the authors encourage organizations to balance security and usability needs when mandating password changes. NIST also emphasizes that password strength has greater benefit than mandatory expirations. For an article exploring password change policies, see: Time to rethink mandatory password changes, by Lorrie Cranor.

By addressing these critieria and outlining them in your written policies, the password security is improved. You should also remind users to utilize different passwords for various accounts and logins so that if one password is cracked, access to other systems and logins won't be compromised as easily. Finally, in the event of a security breach, users should be encouraged to change their passwords immediately.

Cybersecurity Assessment

You indicated that your agency--either with internal resources or with a contractor--has not conducted a cybersecurity assessment or penetration testing to identify vulnerabilities and security weaknesses in your IT infrastructure (e.g., computer systems, networks), etc.). Your need to conduct a cybersecurity assessment depends largely on the types of systems you utilize as well as the nature of the data and information you collect and store. Any organization that engages in e-commerce or stores personal identification information will have a higher priority to ensure that their systems and data are secure from intrusion.

Data Classification Policy

You indicated that your agency does not have a data classification policy. A data classification policy clarifies which types of documents or data sets are public, internal/business only, or confidential. Understanding how the agency classifies data is an important step to complying with your agency's policies regarding the storage and protection of confidential information. We recommend that you consider developing a data classification policy. A template policy is available in *My Risk Management Policies*.

Phishing Tests or Exercises

You indicated that you do not conduct phishing tests or other exercises to gauge the level of awareness of your staff members with respect to social engineering scams. We recommend that you address this gap as soon as possible. All employees will be better prepared to protect data after being trained and informed about data privacy standards and common frauds. It's dangerous to assume that your employees know better than to click on links in suspicious emails.

Monitoring Employee Use of Technology

You indicated that your nonprofit does not monitor employee use of technology. There are two basic reasons for doing so. First, monitoring employee use of technology backs-up any steps you have taken to dispel employees' expectation of privacy while using your systems. In addition, monitoring employee use of technology puts your organization in the best position to detect possible problems before they become catastrophic. As is true with other risk management techniques, it's important to strike a balance. You should balance affordability of monitoring with the potential fallout and benefits of monitoring. You don't want monitoring to seem so invasive to employees that it damages morale in your organization. Nor do you want to spend a disproportionate amount of resources on monitoring compared to the threat of loss to your systems. It's also important to keep in mind that a significant percentage of system misuse is due to ignorance-an employee may not recognize that what he or she is doing violates your policies or poses some risk to your assets. Monitoring can provide a way to detect inadvertent missteps that happen despite the presence of a comprehensive technology policy.

As with any risk management strategy, it's important to obtain a broad perspective on the "problem" you're trying to address as well as the "solution." So you might consider asking a group of employees to examine this issue and collaboratively develop an appropriate monitoring policy. Encourage the team assigned to this task to focus on practical solutions. For example, it would not be practical to install cameras directed at each employee's computer screen and hire a full-time security detail to "watch the monitors" - similar to the systems at Las Vegas casinos. But it may be feasible to have a policy requiring that someone check an employee's e-mail inbox whenever an employee is out of the office for five or more consecutive days. Some nonprofits require that mail for employees on vacation or on leave be automatically forwarded to a "back-up" person for processing. The rationale or "business reason" for this type of policy is to ensure that client questions and concerns are forwarded to someone who can assist in the absence of the employee. If the person retrieving messages notes anything that suggests a violation of the technology policy has occurred, he or she can report this to the appropriate person in the agency (e.g. a e-mail message that demands the recipient stop sending harassing or profane messages). While some nonprofits may see such a policy as inappropriate, others would see this as an important policy to insure client-responsiveness. Also consider whether such monitoring should apply equally to incoming U.S. Mail and voice mail messages. In all cases, you need to carefully fashion a policy that will work within the context and culture of your organization.

Using Vendors

You indicated that your nonprofit uses independent contractors and/or firms to perform various technology-related functions. Vendors can be the source of a variety of risks when implementing changes within your organization. New systems usually mean the involvement of new vendors - companies and individuals with whom you may not have longstanding relationships.

When looking for a new vendor, whether for software, service or a fully outsourced technology operation, the best way to identify prospective providers is through word-of-mouth referrals. Minimize your risk of receiving poor service by asking around at local meetings, conferences, and user groups. People are usually willing to share horror and success stories, so all you have to

do is ask. Check the service record of the vendor by requesting a list of references from current nonprofit customers. If the vendor is hesitant to supply references, consider moving on to another provider.

Technology Contracts

You indicated that it is your practice to always use a written contract when hiring technology firms or contractors for specific projects. A contract is beneficial for various reasons. Most importantly, it spells out the expectations and requirements of each party and reduces the risk of surprise and disappointment. It can also provide a helpful roadmap in the event things turn out differently than expected and some deviation in the original plan is required. But a contract is only useful in this regard if it contains a sufficient degree of details and anticipates various contingencies.

Consider reviewing any pending or future technology contracts to make certain that they:

- Are written in language that is understood by both parties. When a technology firm presents a proposed contract for your review, you can expect that it will contain technical language. Make certain you understand the terms and language in the contract, or that they are specifically defined in the contract. Keep in mind that your definition of "database" or "system" may differ from the perspective of the contractor.
- Are explicit about the work the contractor will be performing and your expectations about the final product or system.
- Anticipate changes in technology that may occur during the life of the contract, helping you avoid receiving a product at the end of the process that is obsolete or inappropriate given the availability of newer technology.
- Include appropriate checkpoints in the process. You may require the vendor to provide periodic status reports, or you may agree to a timetable and have your staff responsible for determining if it has been met.
- Clearly and explicitly address the issue of ownership. Who owns what? Will the nonprofit "own" the software it is purchasing or only a license to use the software for a period of years? How will individual contributions of owned material be returned if the contractual parties decide to split? Vague statements about the vendor's obligation to return the nonprofit's property in the event the contract is cancelled are probably insufficient.
- Include a well-defined "exit strategy" in the event either party seeks to end the relationship. Some of the issues that should be addressed include: the length and form of notice required to cancel the contract, how the parting of company will be announced, and what equipment, documentation or other assets will be returned to the parties.

Data Privacy Practices

You indicated that your agency uses sensitive data, but needs to learn more about data privacy practices and laws. The starting point for understanding a nonprofit's duty to protect data is to understand *what constitutes personally identifiable information (PII) under the law*. Personally Identifiable Information (PII) is any data that could be used to identify a specific individual.

Did you know that information found in a telephone book is not protected under the law? Much personal information can be easily gathered from public records such as telephone books and websites. Some publicly available information is considered PII.

PII can be sensitive or non-sensitive. Non-sensitive PII could include information such as a business telephone number, which could identify an individual, but likely won't cause any harm to the individual because the information is already publicly available on the business's website. Conversely, sensitive PII is information that identifies the individual and that - if disclosed - could harm the individual whose privacy was breached. Sensitive PII includes:

- Unique identifiers (e.g., Social Security number, passport number, driver's license number, biometric data such as a fingerprint or retina scan, etc.);
- Protected Health Information (PHI), which is any information protected under U.S. law that identifies an individual and is maintained by a covered healthcare provider, health plan, or healthcare clearinghouse. This typically includes information that conveys an individual's health status, history of health care, or payment for health care (e.g., medical record numbers, health plan beneficiary numbers, genetic information, etc.); and,
- Financial information that a consumer provides to a financial institution, but that is not available publicly (e.g., credit card numbers, bank account numbers, etc.)

Non-sensitive PII records can sometimes be used in combination to identify a specific individual. Therefore, even non-sensitive PII possessed by a business might warrant protection.

Various federal and state privacy regulations require that organizations protect personally identifiable information (PII) no matter where it resides: on a network; on stand-alone systems or in databases; on remote devices such as laptops or employee-owned smartphones used for the nonprofit's business; and, of course, on paper. Data might need to be protected while in transit between various devices and networks.

Additionally, there are data protection standards for specific industries or specific business practices, such as the PHI privacy standards mentioned above, and the PCI Security Standards Council's Payment Card Industry Data Security Standard. This standard requires organizations to enact information security best-practices if they handle major credit cards.

According to the National Conference of State Legislatures (NCSL), 47 states, the District of Columbia, Guam, Puerto Rico and the Virgin Islands have enacted laws that require organizations to "notify individuals of security breaches of information involving personally identifiable information." NCSL also tracks proposed amendments to state security breach legislation. Most existing state laws encompass five key components:

1. Who must comply with the law;
2. What constitutes "personal information;"
3. What constitutes a data breach (e.g., unauthorized acquisition of data);
4. Requirements for notifying affected individuals in the wake of a data breach (e.g., timing or method of notice, who must be notified); and,
5. Exemptions to the law (the most common exemption is for encrypted information).

Cyber Liability Insurance

You indicated that want to better understand your existing cyber liability insurance, or that you don't have coverage despite having exposure to cyber liability claims. Your insurance agent or broker is the go-to resource for information about what's covered under the cyber liability policy you already purchased, or one you're considering. Each insurer offers different forms of coverage, but many policies address a few familiar coverage areas. Work with your agent or broker to purchase a policy that adequately protects your nonprofit. Understanding your coverage is critical as cyber risks and cyber insurance packages continue to evolve rapidly. Cyber liability policies may include third party coverages (items 1-5 below) and also first party coverages (items 6-7). Third party coverage protects the insured organization against claims that arise from losses suffered by third parties, such as donors or clients. First party coverage protects the insured for its own losses. The typical coverages available through a cyber liability policy include:

1. **Notification Expenses:** Coverage for notification expenses helps protect your nonprofit from the strain on human and financial resources in the wake of a breach.
2. **Crisis Management:** Some cyber liability policies offer crisis management coverage to cover the cost of retaining a public relations firm or consultant to help minimize the damage to your organization's reputation.
3. **Regulatory Investigation Expense:** Some cyber liability policies include coverage for investigation costs, and fines and penalties levied for failing to comply with data breach notification laws.
4. **Data Breach Liability:** Defense costs for claims brought by a stakeholder who suffered a financial loss after their personal data was compromised.
5. **Content Liability:** Financial protection related to the content of your website, blog or social media sites, such as coverage for intellectual property claims, invasion of privacy, or personal media injury (defamation, slander, libel) via electronic content.
6. **Data Loss & System Damage (or Data Restoration Coverage):** Property policies may not cover the *data* stored on computers. Most cyber liability policies cover loss or theft of PII; some policies also include coverage for computer forensic analysis, the process used by an expert to assess the scope of the damage.
7. **Business Interruption:** Cyber policies often cover events related to the temporary or long-term shutdown of an insured's operations, such as: loss of revenue during the downtime after a hack, denial of service, damage to systems or data caused by a virus, etc.

Special Events

Introduction

This section of your report contains recommendations about managing special event risks. The suggestions in this report follow the subtopic headings for the module: Planning Safe Special Events; Key Personnel; Partners, Sponsors and Vendors; Facilities; People; Special Features; Accident and Crisis Management; and Insurance for Special Events.

Most nonprofits conduct special events from time to time. Yet risk management issues are often omitted from the planning process. In the excitement that surrounds various planning and fundraising activities, the possibility of someone getting injured may not be on the radar screen. The risk that the event will generate less than the event goal may be acknowledged, but not addressed.

While most events are delivered without serious harm or injury, an unanticipated accident at an event could be disastrous for your nonprofit. Every nonprofit that conducts special events should integrate risk management into the event planning process.

Hosting Special Events

You indicated that your nonprofit hosts special events. Special events are increasingly popular in the nonprofit sector as organizations look for ways to generate support for programs, raise funds for educational and service delivery initiatives, and raise public awareness about societal problems and issues. For many nonprofits special events are a cornerstone of program and service delivery. While special events can help an organization achieve its goals, they may be undertaken with little thought about the potential downsides or risks. Effective nonprofits cannot operate without risk, nor should they try to do so. However, a critical component of any special event is to identify and manage the risks related to the specific activity.

Documenting Risk Management Activities

You indicated that your nonprofit does not document its risk management and safety plans for special events. Proper analysis and documentation are good business practices. Written plans can assist with training and supervising personnel as well as help ensure that certain actions are taken. The documentation can also be useful if an accident occurs and your nonprofit must defend its actions. We recommend that you begin documenting risk management activities for your special events as soon as possible.

Use of a Safety Officer

You indicated that your nonprofit does not appoint a "safety officer" for each special event. The role of "safety officer" can be added to someone's position description - it does not have to be an additional position. However, it is important for risk management oversight to be assigned specifically to one person although safety is everyone's responsibility. Your organization should

empower the "safety officer" to act as needed to safeguard the event, the organization, the participants, and others. Incorporate the risk management responsibilities in the person's position description and provide the training and resources needed to manage these risks effectively.

Partnership Risks

You answered that your organization establishes partnerships or collaborations with other nonprofits, businesses, and governmental agencies for special events. Establishing a partnership has its own set of risks that you need to manage before, during, and after you begin the relationship. The first issue is selecting the right partner. This can be accomplished through appropriate research and due diligence. An improper relationship in the eyes of the public can have a devastating public relations effect on your organization. Additionally, the roles and responsibilities of each party must be clear and understood by both parties. Many organizations formalize their relationships with contracts or memoranda of understanding.

Recruitment/Selection Process

You indicated that your nonprofit has a process for recruiting and selecting partners. Well done! Recruiting and selecting partners can be a treacherous endeavor. You need to find another organization that is reflective of your nonprofit's values and mission. The arrangement should make good business sense for all parties. One substantial risk is the public's reaction to the disclosure of inappropriate actions by one of your partners. The partner may use foreign "sweatshops," manufacture a dangerous product, or distribute a product that you do not want associated with your nonprofit (alcohol, guns, cigarettes, etc.). Adverse publicity affecting your partner can influence the public's perception of your organization. Choose your partners and sponsors wisely.

Selecting Appropriate Facilities

You indicated that your organization does not use a *Facilities Selection Checklist* when evaluating the possible locations for a special event. A Facilities Checklist is a valuable risk management and planning tool that enables you to identify and evaluate the features needed to hold a successful and safe special event at that facility. Some items that you may want to consider in selecting a facility are listed below. You may need to add specific criteria depending upon your organization's requirements and the nature of the event.

- Are the premises adequately maintained?
- Is the facility appropriate for the intended/designated use (size, equipment, accessibility)?
- Is the facility accessible for people with disabilities?
- Does the location have adequate restroom facilities?
- Are there any special hazards on or next to the premises?
- Is there proper lighting - inside and outside?
- Does the facility have adequate seating?
- Are there a sufficient number of well-marked exits?
- Can adequate security be provided at the facility?
- For outdoor events:

- Is there adequate shelter from sun, heat, cold, and other weather?
- Does the terrain pose any special risks?
- Is the property accessible for emergency vehicles?

Security

You answered that your nonprofit does not provide security services at its special events.

Security personnel can perform a number of valuable services at a large special event. They may be needed to keep unwanted people away from the event as well as deal with the people attending or participating in the special event. You need people trained to deal with an emergency situation such as medical needs, or a fire or other event that requires the facilities to be evacuated. However, security measures have their risks, too. The key to an effective security force is the selection, training and supervision of the security personnel, whether they are independent contractors or volunteers. If your organization does not want to assume the responsibility for providing volunteer security personnel, you should contract with a security firm. When using independent contractors, ensure that the contract requires the contractor to have insurance and to provide a Certificate of Insurance to your organization. Also, have your organization added as an additional insured to the security firm's general liability policy.

Spectators

You responded that none of your special events include spectators. Although you may not have spectators watching an event, you may have participants who create similar risks. Issues like crowd control and risks from the event activity itself will still apply to participants in an event, even if there is no one there as a spectator.

Waivers

Waivers and releases can be useful risk management tools. In many instances a waiver will hold up in court and insulate a nonprofit from liability. More importantly, however, waivers and releases warn the volunteer or participant about the special risks of an activity and alert the individual to use caution. Although it may not be necessary for all events, you should consider creating a waiver for specific activities. It is recommended that you have your attorney or legal counsel review the waiver before use.

Food and Beverages

You responded that food and beverages are furnished at your special events. The first risk management concern is who is providing and serving the food - a vendor or your employees and volunteers. If you are using vendors, you can transfer most of the financial risk associated with food to the vendor. However, if your organization is providing food and beverages there are few things to consider.

- *Facilities* - Does the premises have adequate preparation, storage, and refrigeration facilities for the type of food served?
- *Health Regulations* - Do you need a health department permit or are you subject to any other health department regulations?
- *Food Spoilage and Contamination* - Are the food handlers trained in the proper handling of the food to be served?

Parking

You responded that your organization offers parking at your special events. The risks associated with event parking depend upon who is running the parking operation. Often the parking lots are a part of the facility you are using and facility personnel handle the parking for the event. If this is the case, you have transferred the risk to the facility; however, review carefully the rental contract to ensure that the facility is responsible for all aspects of the parking operation. If your organization is responsible for operating the parking lot, be careful to whom you assign those tasks. You should train and supervise the parking aides and provide them with the appropriate safety equipment (reflective vests, flashlights, whistles, and radios). Consider posting notices and disclaimers that your organization is not responsible for any damage or loss of property while on the parking lots. If the event is at night or in a dangerous neighborhood, consider hiring a security firm to patrol the lot and assist your guests as needed.

Check the parking lots for smooth, even surfaces and mark any hazardous conditions. Often guests are parking in fields and other unpaved surfaces so be aware of the hazards of uneven surfaces and the possible consequences of inclement weather on the parking area. Also, consider the traffic flow and work with the local law enforcement agencies to minimize disruptions to traffic.

Cash

You indicated that you do not handle a significant amount of cash, checks, or credit card receipts during your special events. However, you may be surprised how quickly the receipts can add up to a large sum of money. You may collect admission or registration fees, parking charges, or payments for the sale of merchandise, food and beverages. Other sources include auction receipts, pledges and donations, raffles or opportunity drawings, and the money from a casino night. The proper safeguarding of money, especially cash, is difficult and often overlooked when planning a special event. Some activities generate large sums of cash and checks that if lost or stolen can create a financial hardship for your organization.

The main exposure is that the funds are stolen either by an outsider or an employee, client, or volunteer. Here are some techniques for protecting your financial assets.

- *Segregate money handling duties* - A different person should be responsible for each step - receiving the funds, depositing, recording, disbursing funds, recording disbursements and reconciling your accounts. There is a significant chance for fraud if only one or two people handle all of these transactions. The more eyes overseeing the handling of your

funds the better. Segregation of duties is difficult for many small nonprofits but can be accomplished with the use of employees and volunteers.

- *Safeguard undeposited receipts* - First, do not forget to stamp checks with a restrictive notice when they are first received. Make deposits frequently and safely. Vary the time of day and routes taken to the bank. If the funds are not deposited on a particular day, take the necessary steps to store the money and checks safely, especially when you are away from your office.
- *Count twice, deposit once* - Money should be collected and counted independently by two people. Many organizations establish a guarded "money room" where all of the cash is taken and counted with several witnesses. Also, when handling cash, use either a cash register or other system for recording all cash transactions. The register tape or other receipts should then be reconciled with the amount of cash collected.

Accident Reporting Form

You answered that your nonprofit uses a standard Accident or Incident Report form during its special events. As you are no doubt aware, it is important for your organization to gather information regarding the accident. The information collected will be critically important in any subsequent investigation of the accident. You can also use the information to learn from the incident and implement changes.

Contact your insurance professional for any recommended or required forms. Train your employees and key volunteers on the proper techniques for completing these forms. The documentation should only include an *objective description* of the accident and the injuries. The person completing the form should avoid personal opinions and any editorializing. Never admit liability to anyone and do not include an admission of liability in the report. Unless your insurance professional or carrier requires that you use a specific form, review the form that is in use at your organization to make sure that it contains the following information:

- *General Information* - Your organization's name and address plus the name, date and location of the special event.
- *Injured Person(s)* - This section should identify the injured person(s) and provide basic information on the accident. Include the person's name, address, telephone number, age and gender. Note the date, time and location of the accident and a brief description of what happened. Describe the nature of the injury. Indicate how the injured person left the scene (e.g. on foot, in personal vehicle, in an ambulance)
- *Witnesses* - Record the name, address and telephone numbers of any witnesses. Ask each witness for a brief statement or description of the accident. The witnesses' statements should be recorded accurately, reviewed, and signed.
- *Medical Treatment* - Note if any first aid treatment was administered and by whom. Many organizations have their medical volunteers complete this section of the report. Also, document if any professional treatment was performed such as the person being transported to the local hospital.
- *Accident Documentation* - Describe how the accident/injury occurred. Draw a diagram of the accident scene. Many organizations take photographs or use a video camera to

document the accident scene. These pictures and diagrams will be helpful in investigating and settling any claim made against your organization.

- *Preparer's Signature* - The person that prepared the form should sign and date the form and include his or her address and telephone number.

It's always a good idea to talk to your insurance professional before you're facing an accident to discuss how your insurance company wants you to report claims. Some insurance companies want you to report every incident so they at least have a file in the event the injured party submits a claim. Other insurers do not want a claims notification form until the injured party seeks compensation. Even if your insurance company does not want immediate notification of any incidents it is prudent for your nonprofit to establish and retain incident report files. After talking with your insurance professional, establish the appropriate accident reporting procedures.

Notifying Victims' Families

You responded that you have a procedure for notifying the family or caregiver of an injured person. Depending upon the relationship of the person to your organization (employee, volunteer or client), you may have difficulty identifying the people to contact. In some cases you may have to rely on the local authorities to proceed. Whoever notifies the family-organization or the police-compassion is important while conveying your nonprofit's concern for the injured person and his or her family. This is especially true for any follow-up contact with the injured person or their family. While your representative should never make promises to compensate the victim or accept fault, you may avert legal action simply by demonstrating concern for the individual and their family.

Crisis Management and Business Continuity Planning

Introduction

This section of your report contains feedback and recommendations based on your answers to questions in the Crisis Management and Business Continuity Planning module.

Crisis Management Plan

You indicated that your agency has components of a crisis management plan in place, but not an up-to-date plan. An up-to-date plan can substantially increase your confidence and comfort when a crisis looms. Keep in mind that focusing on the source or nature of the crisis is not often the best place to begin crisis management planning.

Crisis response team

Identifying who will be a part of the crisis response team is an important part of effectively addressing a crisis. When putting together your team, consider the following:

Define roles - Your organization will need to draw on various abilities and perspectives in a crisis situation. Knowing who will fill these roles in advance will assist in responding quickly. Consider some of the following roles but keep in mind that the exact composition of the team may vary given the human resources you have available.

- Crisis commander - You'll need to designate someone to take charge and to coordinate response efforts.
- Finance / Legal / Insurance experts - Having expertise in these areas will help inform critical decisions that will need to be made
- Response leaders - This role is to address specific response. It may be something specific like providing medical assistance or coordinating an evacuation. It may also address tasks that are delegated by the crisis commander.
- Communicators - One or more people should be charged with helping facilitate communication internally and externally during the crisis.
- Resource protectors - Resources range from things like data and facilities to the people connected to your nonprofit - staff, volunteers and clients as well. Resource protectors are charges with addressing these safety needs during a crisis.
- Subject matter experts - Be aware of the specific skillsets in your organization and draw upon those people when necessary for a specific crisis. This role may change personnel depending on the nature of the crisis.

Establish backups - Having redundancy in the assignments helps to reduce gaps in coverage of crisis responsibilities. It is helpful to identify the backup person for each role. Alternately, highlighting additional informational resources or sources of aid is helpful where backups are not available.

Avoid letting the crisis team get to large or it may be difficult to coordinate activities during a crisis. You are encouraged to involve a wide range of people during the planning phase in order to identify valuable resources to address a crisis. However, the actual core response team should be relatively small.

Key Information

It is important to have access to the right information during a crisis. Make sure the plan and its information is easily accessible to the crisis response team. Electronic and hard copies should be available in multiple locations - redundancy can be key in a crisis situation. In general, look to include the following information in your crisis management plan.

- Organization chart with roles, photos, contact information and other pertinent information about the Crisis Response Team. This should also include information about who serves in a backup role to the members of the team.
- Board roster and contact information
- Roster of key vendors & partners with contact information
- Location (primary and backup) of essential documentation and resources (insurance, financial, etc.)
- Pre-developed responses to crisis situations - In some cases, your team will have made plans for specific situations.

Crisis Communication Plan

You answered that you have some crisis communications pieces developed, but not a full or comprehensive plan. Some agencies integrate crisis communications materials into their overall crisis management plan, while others maintain a separate crisis communications plan. Remember to choose the approach that best suits your agency.

Review the areas identified below as targets for improvement in your crisis communication plan. Gather a diverse group of leaders--with different backgrounds and life experiences--to consider issues such as chain of command, key messages, and strategies to keep key stakeholders informed during a crisis. Remember to review and update your plan regularly.

Communication Roles

Identify the members of the team (by role) who will manage communications for your nonprofit during a crisis. In some organizations, the person in charge of the crisis response team may not be the primary spokesperson. In large organizations, there may be different spokespeople for internal and external audiences. Make sure your primary communicator has a backup person as well. Redundancy is important in all crisis planning. Consider sending your key spokespeople through media or crisis communication training. Specific roles may include:

- External spokesperson - handles interactions with the media or other general public relations-related efforts. An important component of crisis communication is communication with media organizations. To be prepared to communicate effectively,

make a list of media contacts in your community that you can reach out to and respond to during a crisis. Knowing who you will call or who you can expect to hear from will save valuable time during a crisis.
- Internal coordinator - keeps staff and volunteers informed of ongoing crisis management efforts and shares pertinent information. This person may also help facilitate important communications between internal stakeholders like the executive team and the organization's board.

Although it is usually good practice to have external communications go through one person in order to ensure consistent messaging, in some cases the internal communication efforts may be delegated to separate personnel.

Draft Communications

Having draft messages about common communications will assist in providing a rapid response in a crisis. Determine the most likely messages that will need to be shared, draft a general outline and leave room for quick modifications to be made for a specific situation. In general, focusing on the safety of everyone involved will take precedence in most emergency situations but making the connection to your mission is also key. Develop common talking points for all communications and use these guidelines:

- Stay mission-focused
- Be consistent
- Be careful with language and tone (show compassion & sincerity)
- Focus on the facts and avoid speculation (if you don't know, just say so)
- Accept responsibility
- Don't leave a vacuum

Business Continuity Plan

You indicated that your agency has elements of business continuity planning in place, but that your plan may not be adequately comprehensive or up-to-date. We recommend that your review the existing pieces to determine whether you have identified:

- mission critical functions--those functions that cannot be curtailed, even during an interruption to normal operations;
- plans for short-term replacement for workspace / equipment / communications if regular resources are not available (e.g., telecommute options, alternate office space, computer equipment rental)
- access to and protection for critical organization data

Volunteer Risk Management

Introduction

This section of your report offers feedback and recommendations based on your answers to questions about volunteer service at your agency.

Checking References

References are an invaluable screening tool. You should follow up with references provided by the volunteer applicant just as you would for a paid position in your organization. Although few people truly enjoy hunting down references and collecting reference information, it is a vital step in a comprehensive screening process that can help your nonprofit find the best volunteers avoid hiring unsuitable volunteers. Effective reference checking involves asking probing questions that will yield information you can use to determine an applicant's eligibility for service at your nonprofit. Here are some sample questions that could be asked of a person providing a reference for an applicant for a volunteer position:

- Could you describe an example of a service performed by the applicant while serving as a volunteer at your organization?
- Compared to other volunteers in similar roles, how would you rate the applicant?
- Is the applicant eligible to serve your nonprofit as a volunteer in the future? If not, can you explain why not?
- Would you utilize the applicant in the capacity for which they will be volunteering at our organization? If not, why not?
- To the best of your recollection, how did the applicant handle frustration and criticism while on the job?

Paid Staff Can't / Don't Volunteer

You answered that paid staff either can't volunteer for your organization or that it doesn't currently happen. If this situation changes, be sure to follow the guidelines that might apply to staff who volunteer. Although exempt staff typically do not have any restrictions, non-exempt staff have specific guidelines about time and responsibilities that must be followed in order to volunteer their time.

Exit Interviews

Exit interviews are an important part of closure for both the volunteer and the organization. By not conducting exit interviews consistently for your volunteers, you miss the chance to collect valuable information about each volunteer's experience with the organization. You also miss an opportunity to express thanks for each volunteer's service and unique contributions to your mission.

Letting a volunteer leave without conducting an exit interview is similar to letting a volunteer leave while still in possession of keys or equipment. An exit interview should be a key step in the exit process for your organization. If your exit interviews are conducted inconsistently, look for factors that may be causing this. Is it because there is no written policy indicating that exit interviews must be conducted, or no document describing key steps or interview questions? Or is it because the responsibility for exit interviews hasn't been assigned, or assigned staff aren't held accountable? Lack of consistency or accountability can both be addressed by identifying a specific person to coordinate and track volunteer departures.

Ensuring that volunteers leave on a positive note can have a lasting impact on your organization. Exit interviews provide an opportunity to reinforce a volunteer's positive experience and address any negative ones they might have encountered. This strengthens the organization and wraps up the period of service in a positive fashion.

Fundraising and Resource Development

Introduction

This section of your report contains feedback and recommendations based on your answers to questions in the Fundraising and Resource Development module.

Compliance with State Charitable Registration Laws

You indicated that your nonprofit may not be registered in all states where you solicit individual donations. According to Don Kramer, editor of NonProfit Issues, "Charities soliciting charitable contributions to further their mission can be tripped up significantly if they don't pay attention to the requirements for charitable solicitation registration."

Keep in mind that:

- 39 states and the District of Columbia require that your nonprofit register before asking residents for contributions
- The requirement to register applies in your home state, but also in any other state where you are seeking donations
- States may impose fines and issue injunctions prohibiting solicitation of residents if you fail to register
- When your nonprofit receives a contribution from a resident of a state, sends a thank you, and later requests another donation, you are engaging in direct solicitation that triggers the registration requirements

For more information on this topic, see:

- *Charitable Registration: Resolve to Comply*, by Don Kramer
- Charitable Registration State Map
- NASCO - Listing of Federal Government, National Resources and State-Specific Resources - scroll down for contact information for each state's regulatory office, including the web page relevant to charitable registration

Use of a Gift Acceptance Policy

You indicated that your nonprofit does not have a gift acceptance policy to support the careful evaluation of individual gifts. Accepting cash or property from an individual donor can trigger obligations for your nonprofit as well as the donor. And in somecases an organization must 'look a gift horse in the mouth.' This expression, which dates to 5th century literature, refers to the fact that one looks in a horse's mouth to determine its age or health. A careful examination of a donor's intent and the costs of accepting the gift may at one time have been considered rude. Risk-aware and risk-savvy nonprofits recognize that part of the responsibility of mission stewardship is the careful consideration and thoughtful acceptance of gifts, regardless of the source. More unusual donations like real estate, bequests, vehicles, or stock come with an

additional level of scrutiny prior to accepting the donation as well as management once they come into your possession.

Here are a few risk tips related to gift acceptance policies:

- *Create a policy that suits your nonprofit* - make certain that your specific requirements, limitations and priorities are reflected in your gift acceptance policy
- *Reflect on gifts you have accepted and those you have turned down* - also consider gifts that the organization may consider in the future
- *Obtain board approval of your policy* - this single step provides support for your development team, who may on occasion have to tell a donor that "I'm sorry, but our board policy is that we aren't able to accept gifts of this type."
- *Publish your gift acceptance policy* - making your policy readily available to prospective donors is an invaluable time-saver for your staff and volunteers.
- Reference your policy in your IRS Form 990 filing - keep in mind that nonprofits that report having a gift acceptance policy must complete Schedule M of the 990 to report Noncash Contributions.

For additional information on gift acceptance policies, see:

- *Why You Need Gift Acceptance Policies: How Thoughtful Planning about Non-Cash Gifts Can Improve Your Donor Relationships*, by Katherine Swank
- *Gift Acceptance Policies*, National Council of Nonprofits
- *My Risk Management Policies*, Nonprofit Risk Management Center (if you are a subscriber to this NRMC web tool, log in to create a custom gift acceptance policy for your organization)

Compliance with the CAN-SPAM Act

You indicated that your nonprofit does not have practices in place to manage the risk of non-compliance with the CAN-SPAM Act. According to the Federal Trade Commission (FTC), the Act is a federal law that "establishes requirements for commercial messages, gives recipients the right to have you stop emailing them, and spells out tough penalties for violations."

- The CAN-SPAM Act applies to all commercial messages, not just bulk email.
- A commercial message is: "any electronic mail message the primary purpose of which is the commercial advertisement or promotion of a commercial product or service."
- The law does not prohibit nonprofits from sending unsolicited bulk emails, but such emails must follow certain requirements. For example, they must be from a legitimate, active email address, provide accurate header and mailing information, contain an accurate subject line, and provide recipients with an opt-out path.
- Each separate email in violation of the law is subject to penalties of up to $40,654, and more than one person may be held responsible for violations.
- Although the FTC does not have jurisdiction over nonprofits, state attorneys general are empowered to enforce the law.

For more information on the CAN-SPAM Act, see this [webpage](#) from FTC, and also the CAN-SPAM checklist featured in this [article](#) from GuideStar.

Government Contracts

Many nonprofits look to government contracts as a principal source of funding. According to the National Center for Charitable Statistic, "Fees for Services & Goods from Government" represented 23.1% of nonprofit revenues in 2014, second only to "fees for services and goods from private sources" (50%). (Source: Nonprofit Sector in Brief 2014 - National Center for Charitable Statistics).

Government grants and contracts come with a set of challenges that may differ from the risks associated with other funding sources. If you are relying on government financial support, remember to consider:

- *Underfunding for infrastructure* - Government contracts may not fully cover these costs, but weak infrastructure may make it difficult or impossible to meet the program and service expectations of your funders.
- *Risk of late payment* - Many government contracts are structured on a reimbursement basis, which means that your nonprofit will have to cover costs up front and wait to be reimbursed.
- *Complex reporting requirements* - These requirements will likely put an additional administrative burden on your organization. Try to learn as much as possible about reporting requirements before you bid on or apply for a government contract. Ensure that your organization is in position to comply before you apply.

Service Delivery Risks

Family Development Program Risks

You indicated that your Family Development team hasn't identified the specific risks that arise in their area of responsibility or developed targeted risk management responses to those risks.

To remedy this situation:

- Before brainstorming risks the team should decide on a definition of "risk." There is no single way to define risks. Three types are common: cause, event or impact. For consistency's sake decide whether the team will focus on **causes** (e.g., client needs emergency help that can't be provided by CAA), **events** (e.g., volunteer loans client money to pay for food), or **impacts** (e.g., volunteer resigns after feeling pressured to continue providing funds to client).
- After identifying top risks arising from family development programs, rank the risks. The risks whose occurrence would be costly or otherwise impactful to the agency should be listed as priority risks.
- Brainstorm possible measures to either: (1) reduce the likelihood of the risk; (2) reduce the severity/cost of the risk; or (3) respond if the risk materializes.
- Select the strategies that the team believes are the best approaches to (1), (2), and (3) as long as those strategies are practical.
- Assign responsibility for each strategy (a staff lead for coordinating the activity), and indicate a timetable for completion (e.g., by December 31 we will update and re-distribute our policies about providing personal help to clients).
- Decide how often the team will revisit and update its list of risks and strategies.

End of Report - 8/19/2023 4:28:06 PM

Board of Directors

By-Laws

Community Services of Northeast Texas, Inc.

Revisions:
Jan 24, 2012 • Oct 5, 2016 • Jan 22, 2019 • May 26, 2020
June 27, 2023 • August 29, 2023

TABLE OF CONTENTS

ARTICLE I – NAME

Section 1.   The name of this corporation shall be the Community Services of Northeast Texas, Inc., (hereinafter "Community Services") a non-profit corporation incorporated under the laws of the State of Texas and recognized by the Texas Department of Housing and Community Affairs (hereinafter "TDHCA") as the proper body to carry out the purposes and functions set out in these by- laws.

Section 2.   The offices of Community Services shall be at such place or places in the City of Linden, Texas, as may from time to time be designated by resolution. Until otherwise provided by resolution, the central office of Community Services shall be at 304 E. Houston, Linden, Texas 75563.

ARTICLE II – PURPOSE

The purpose of this corporation shall be to implement and to carry out the provisions of the Economic Opportunity Act of 1964, including all amendments to said Acts, to administer the programs funded by Congress, and to seek projects eligible for assistance from other public and private sources.

To achieve these purposes the corporation will work with the poor sector, the public sector and the private sector to seek out, identify and bring together community programs, resources and capital to alleviate and/or eliminate the causes of poverty including providing decent housing. The Corporation shall be operated exclusively for such purposes, and no part of its net earnings shall inure to the benefit of, or be distributable to, its Directors, Officers or any private persons.

ARTICLE III – TRIPARTITE BOARDS

Section 1.   In order for a private, nonprofit entity to be considered to be an eligible entity, the entity shall administer the Community Services Block Grant program through a tripartite board that fully participates in the development, planning, implementation, and evaluation of the program to serve low-income communities.

<u>Selection and composition of board</u>. – The members of the Board referred to in paragraph one (1) shall be selected by the entity and the Board shall be composed so as to assure that:

(A) 1/3 of the members of the Board are elected public officials, holding office on the date of selection, or their representatives, except that if the number of such elected officials reasonably available and willing to serve on the Board is less that 1/3 of the membership of the board. In such case, membership on the Board of appointive public officials or their representatives may be counted in meeting such 1/3 requirement;

(B) not fewer than 1/3 of the members are democratically selected to represent low-income families and individuals of a specific community. Each member must reside in the community they represent, but do not have to qualify as low-income themselves

(C) the remainder of the members are officials or members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served.

Section 2:   As per Sec.676B, private nonprofit entities have the responsibility for selection and composition of the Board as described above.

ARTICLE IV – MEMBERSHIP BODY

This corporation/agency, Community Services, shall have no stockholding members but shall have organizational members as herein provided.

ARTICLE V – COMPOSITION OF THE BOARD

Section 1:   Board Size - The Board shall consist of at least nine (9) but not more than twenty-one (21) members. As long as the composition remains in compliance with Article III, Section 1, the number of board members can be ever-changing. The number of members shall remain divisible by three (3).

Section 2:   Public Officials

The CSBG eligible entity may select public officials or their representatives to serve on the board. In the event that there are not enough elected public officials reasonably available and willing to serve on the Board, the entity may select appointed public officials to serve on the board. The entity may

allow governing officials of the political jurisdiction to select and/or recommend an elected or appointed official to serve on the Board.

Elected public officials or appointed public officials selected to serve on the Board shall have either general governmental responsibilities, or responsibilities which require them to deal with poverty-related issues. They may not be officials with only limited, specialized, or administrative responsibilities.

The public officials selected to serve on the Board may each choose one permanent representative to serve on the Board in either a full-time capacity or in place of a public official whenever the public official is unable to attend a meeting. The representative need not be a public official but shall have full authority to act for the public official at meetings of the Board. Permanent representatives may hold an officer position on the Board. If a permanent representative is not chosen, then an alternate may be designated by the public official selected to serve on the Board. Alternates may not hold an officer position on the Board.

Section 3:   Low Income Representatives

An essential objective of community action is participation by low-income individuals in the programs which affect their lives; therefore, the CSBG Act and its amendments require representation of low-income individuals on Boards or state-specified governing bodies. Low-income representatives need not themselves be poor, but they must be selected in a manner that ensures that they truly represent low-income individuals.

The Board of Directors will resolve to allow a seat on the board to be held by a certain organization which represents low-income persons. That organization will ensure that a democratic process was used to determine their representative.

In cases where a member is to be selected from the community rather than from an organization, the following procedure and criteria are used to select the low-income representative:

• Volunteers to serve in this capacity are to reside within the area which they represent.

•They must also be representatives of low-income families in some capacity.

•They must have the ability to report to the individuals they serve if by no other means than to just be accessible via phone or electronic mail.

Once a volunteer or group of volunteers exists for a particular sector or geographical division, CSNT will post the names publicly via newspaper and

public postings giving all who potentially will be represented an opportunity to respond.

In the event of multiple volunteers, each will be considered a candidate and a date for public election shall be set along with a polling place and the candidate with the most number of public votes cast at said polling place(s) shall be declared the representative.

In the event only one volunteer exists, CSNT shall hear any and all comments from the public in response to public posting. After ten business days have expired, CSNT shall determine that the public comment time has passed and shall determine the volunteer to be the designated representative.

Section 4: Representatives of Private Groups And Interests

Community Services shall select persons representing the private sector to serve on the Board or it may select private sector organizations from which representatives of the private sector would be chosen to serve on the Board. Law enforcement representatives are included in this group.

Qualifying Private Groups or Interests shall meet the following requirements as set forth for private organizations:

1. Must have a governing Board and/or Executive Committee, which is responsible for policy decisions.
2. Must have a written set of By-Laws.
3. Must have elected officers consisting of at least a Chairman, Vice-Chairman, Secretary and Treasurer.
4. Must have at least four (4) quarterly meetings of the governing body per calendar year.
5. Must have an official membership list.
6. Must keep permanent regular minutes of meetings indicating official decisions and actions of the organizations.

Section 5: All private and public agencies with representation on the Board shall appoint or reappoint their representatives pursuant to these By-Laws at the annual meeting.

Section 6: Members of the Board will meet the requirements and regulations set forth by the programs implemented through the Agency. (added 5-26-2020)

ARTICLE VI -- POWERS OF THE BOARD

The Board is responsible for abiding by the terms of contracts and shall determine the policies of the agency to assure accountability for public funding. The Board shall function as the organization's governing body with the same legal powers and responsibilities as the Board of Directors of any nonprofit corporation. In the event of a conflict between the powers and

responsibilities required of all nonprofit corporations and those required by the CSBG Act, this issuance, and the contract, the latter shall control.

ARTICLE VII -- RESIDENCE REQUIREMENT

All Board members shall reside within the contractor's CSBG service area designated by the CSBG contract. Board members should be selected so as to provide representation for all geographic areas within the designated service area; however, greater representation may be given on the board to areas with greater poverty population. Low-income representatives must reside in the area that they represent.

ARTICLE VIII -- LIMITATIONS OF BOARD SERVICE

Public officials, or their representatives, serve at the pleasure of the Board as long as the public official remains in office. Low-income representatives and representatives of private organizations also serve at the pleasure of the Board and serve two-year terms, after which, each member must be re-appointed or re-elected to their seat under the terms in Article III.

ARTICLE IX -- QUORUM

A quorum shall consist of at least fifty (50%) percent of the non-vacant Board positions. A motion may be adopted only if it receives the votes of at least a majority of the members present at a properly called meeting where there is a quorum present. Members represented by proxy (if the Articles Of Incorporation or By-laws allow proxies) may not be counted toward a quorum.

ARTICLE X -- VACANCIES

All Board vacancies shall be filled as soon as reasonably possible with the following specific guidelines as outlined by CSBG and TDHCA requirements:

1. In no event shall the Board allow twenty-five percent (25%) or more of either the public or poverty sector board positions to remain vacant for more than 90 days.
2. CSBG contractors shall report to TDHCA, on their monthly performance reports, the number of Board vacancies by sector.
3. Compliance with the CSBG Act requirements for board membership is a condition for eligible entities to receive CSBG funding, and there is no provision in the Act for a waiver or exception to these requirements.

Procedure for Filling Vacancies on the Board of Directors

The agency will prepare a report monthly, based on the board roster, that recognizes any vacancies on the board and when the seat became vacant. A deadline for filling the seat will be determined by statute. The Agency will communicate with the entities holding the vacant seat and provide them with a deadline for filling the seat. This deadline shall be 30 days earlier than the statute deadline. If the entity holding the vacant seat does not provide a properly derived replacement by the entity's deadline, the Agency will award the seat to another entity, giving them only two weeks to fill the vacancy. If, after these efforts have failed, the Agency will continue the previous procedure until the seat is filled, and will notify the Department that the condition exists and what steps have been taken to rectify it.

ARTICLE XI -- COMPENSATION

Board members are not entitled to compensation for their service on the board. Reimbursement of reasonable and necessary expenses incurred by a board member in carrying out his/her duties is allowed. Reimbursement of reasonable and necessary expenses, if any, will be voted upon by the Board and set forth in the Community Services Financial Policy and Procedure Manuel.

ARTICLE XII – CODE OF CONDUCT

Section 1: It is recognized that persons involved in governance activities (Board of Directors) at Community Services of Northeast Texas, Inc. (CSNT, Inc.) are leaders, models, and representatives of the organization. All members will be expected to conduct themselves such that their personal and professional conduct does not have a negative affect on services or reflect badly on Community Services of Northeast Texas, Inc. public image, reputation, or credibility.

Section 2: Acceptable standards of conduct will be established and periodically revised by the CSNT, Inc. Board of Directors for both Council and Board members. All Council and Board members will be informed of the established standards of conduct.

The Board of Directors in its entirety will be responsible, with a simple majority vote of members present for a regularly scheduled or appropriately called special meeting, for reprimanding or removing any representative from the Council or Board due to conduct violations.

Section 3: Head Start Policy Council and CSNT, Inc. Board of Directors members:

1. Will respect and promote the unique identity of each child, family, employee, Council and Board member and refrain from stereotyping on the basis of gender, race, ethnicity, culture, religion, or disability.
2. Must uphold the agency's confidentiality guidelines stated as follows:
   a. No information regarding children and families of children enrolled with CSNT' Inc. is to be discussed outside of the work setting or Board/Council meetings;
   b. Information is to be discussed within the work setting and at Board/Council meetings only as is necessary and related to program operations/business or decision-making;
   c. No information learned at Board/Council meetings or while conducting Board/Council business may be discussed or used in any way outside of Board/Council activities.
3. Will behave and interact respectfully while participating on Board/Council or representing the organization within the community.
4. Must have an interest and concern for children and their families.
5. May not accept gifts and/or gratuities as stated in the CSNT, Inc. Personnel Policy and Procedures Manual.
6. Are prohibited from using their position on Board/Council for purposes which are, or give the appearance of being, motivated by a desire for private gain for themselves or others, such as those with family, business or other ties.
7. Must not make public statements under the auspices of any agency title without the Board of Directors' approval.
8. Will follow all CSNT, Inc. general operating procedures.
9. Will respect and uphold the legal authority of the Board of Directors to establish, review, or revise the standards of conduct for individuals participating on the Board/Council.

No Board member may participate in the selection, award, or administration of a subcontract supported by CSBG funds if: (1) the Board member, (2) any member of his/her immediate family (as defined in the CSBG contract), (3) the Board member's partner, or (4) any organization which employs or is about to employ any of the above, has a financial interest in the firm or person selected to perform a subcontract. No employee of the local CSBG contractor or of the Texas Department of Housing and Community Affairs may serve on the Board. No Board Member may be employed by Community Services of Northeast Texas, Inc., during his/her service on the Board or for twelve months thereafter without a majority vote of a properly constituted quorum of the remaining members. No person may become a member of the Board of Directors within twelve months following any employment by CSNT. Employees who are involuntarily separated from employment with CSNT are

not eligible to become members of the Board. Any person removed from the Board for cause as a result of a violation of the Code of Conduct shall not be eligible to become an employee of CSNT.

ARTICLE XIII -- IMPROPERLY CONSTITUTED BOARD

If the State determines that a Board of an eligible entity is improperly constituted, the state shall prescribe the necessary remedial action which many include termination of funding.

ARTICLE XIV -- MEETINGS OF THE BOARD

Section 1: The Board shall meet at least every ten (10) weeks. The regularly scheduled meeting shall be held at the Community Services Executive Offices in Linden on the fourth (4th) Tuesday of each month at 12:00 Noon unless otherwise designated by Board action.

Section 2: As Community Services Block Grant recipients have been added to the list of covered agencies, meetings and proceedings of the same shall be in compliance with the Texas Open Meetings Act (Texas Government Code, Section 551.001 et. seq.) and with the Public Information Act (Texas Government Code, Section 552 et seq.) In general, meetings of governmental bodies must be open to the public, except for expressly authorized executive sessions, and the public must be given notice of the time, place, and subject matter of such meetings. Please note that compliance with the Open Records Act is already required by Section 11 of the 2001 CSBG contract. As of September 1, 2001, it is also required by state law.

Section 3: Written notice of the date, time, place, and agenda of any regular, special, or called meeting of the Board shall be given to each board member at least five (5) days in advance of the meeting. Notice of all meetings shall also be given to the general public through local public postings, which may include written notification in courthouses or other public places or publication in a newspaper. Notices to the general public shall be posted in readily accessible areas at least seventy-two (72) hours before the scheduled time of the meeting. Because service areas identified in Texas CSBG-supported contracts are limited to small portions of the state, it is not a requirement for local entities to publicize the board meeting notices in the Texas Register.

Section 4: Except as specifically provided below, every regular, special, or called meeting of the Board shall be open to the public. Closed or Executive sessions of the Board may be held for the following purposes:

- Consultation between the Board and its attorney in those instances in which the Board seeks the attorney's advice with respect to pending or

contemplated litigation, settlement offers, and other matters where the duty of the attorney to his client requires confidentiality.

- Discussion with respect to the purchase, exchange, lease, or value or real property, negotiated contracts, and prospective gifts or donations to the organization, when such discussion, if made public, would have a detrimental effect on the negotiating position of the organization.

- Discussion with respect to matters involving the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of an officer or employee or to hear complaints or charges against such officer or employee, unless such officer or employee requests a public session.

- Discussion with respect to any matter specifically made confidential by law or regulation.

- Any other exception available by state law.

Whenever any deliberation or any portion of a meeting is closed to the public as permitted above, no final action, decision, or vote with regard to that matter shall be made except in a meeting open to the public.

Section 5:   The Board shall keep written minutes of each open meeting that include a record of the members present by category, items presented to the Board for action, and the votes on all motions. Minutes of the previous meeting shall be distributed to board members before the next meeting. The minutes shall be made available to the public upon request in accordance with the Open Records Act.

ARTICLE XV -- COMMITTEES OF THE BOARD

Section 1.   The composition of the committees must be the same as those outlined in these By-Laws for the general Board. The Executive Committee will meet on a call basis. The standing, functional and special committees will meet as the Chairperson of a specified committee schedules a meeting to accomplish committee business. Due to the urgency of completing committee business, which is based upon a quorum of members being present, it is imperative that committee members who miss three scheduled or called meetings without just cause within one year shall be removed from the committee. All committees must at all times reflect a minimum of one-third representatives of the poor.

Section 2.   Standing Committees are: Executive, Finance, Personnel, and Planning and Evaluation Committees.

     A.   Executive Committee

          1.   The Officers of the Board shall constitute the Executive Committee. This committee may only transact routine and

ordinary business between meetings of the full board and need only report it at the next meeting of the full Board.

2. The functions of the Executive Committee are to:
    a. Act on urgent matters requiring action of the total Board at all times between regularly scheduled Board meetings. All such actions shall be subject to ratification by the total board.
    b. Ensure compliance with By-Laws and recommend changes in the By-Laws.
    c. Ensure By-Laws conform to funding source requirements.
    d. Recommend organizational representation of the Board.
    e. Serve as legal counsel to the Board on matters requiring interpretation of legal or quasi-legal documents.
    f. Represent the Community Services before State and municipal bodies on legislative matters.
    g. Adhere to the succession plan for the position of Executive Director upon the vacancy of said position.
    h. Act on official matters pertaining to functional and standing committees in the absence of action by these committees after notification of the Executive Committee.

B. Finance Committee

1. The Finance Committee shall consist of three (3) members, appointed by the Chair, including the Treasurer of the Board, who shall also serve as Chair of the Finance Committee.

2. The functions of the Finance Committee are to:
    a. Review agency and contracted financial operations, reports, budgets, etc.
    b. Recommend independent auditing firm (CPA) to conduct audit and provide other financial counsel.
    c. Review audit reports in detail and recommend actions to assure resolution of any questionable items in the audit.
    d. Make recommendations to the Board on all matters affecting finances.

C. Personnel Committee

1. The Personnel Committee shall be composed of not less than three (3) members to be appointed by the Chair.
2. The purpose of the Personnel Committee is to review all matters relating to personnel policies and procedures of Community Services and to present their findings and recommendations to the Board.
3. The functions of the Personnel Committee are:
    a. To review personnel policies and recommend changes to the Board.
    b. To review and recommend to the Board any major staff organizational changes.

    c. To require the establishment of job qualifications based on the ability to perform, rather than formal requirements of education and experience.

    d. To review and approve changes in job descriptions, job qualifications and salary ranges.

    e. To review salary administration program and recommend any changes to the Board.

    f. To require the establishment of a career development program for both professional and non-professional Grantee Organization personnel.

    g. To review charges of employment discrimination and advise the Executive Director of appropriate action to be taken.

D. Planning and Evaluation Committee

1. The Planning and Evaluation Committee shall be composed of not less than five (5) members appointed by the Chair.

2. The purpose of the Planning and Evaluation Committee will be to recommend to the Board purposes, objectives, projects and strategies for integrated anti-poverty efforts, and to evaluate the Grantee Organization and delegated project and program operations in relation to the approved objectives.

3. The functions of the Planning and Evaluation Committee are:

    a. To assure that procedures exist for presenting to the Committee possible purposes, objectives, projects and strategies for Grantee Organization operations.

    b. To recommend to the Board purposes, objectives, projects and strategies for the organization.

    c. To develop overall program strategies to meet specific needs.

    d. To conceive and develop new programs.

    e. To develop specific reporting standards for each program.

    f. To assure that the allocation of program resources reflects the Grantee Organization objectives and strategies.

    g. To review periodically, projects and program utilizing established evaluation criteria and assure they are in agreement with Board approved purposes, objectives, and plans.

    h. To invite and encourage the poor to participate in the planning process through public meetings held at the neighborhood centers and/or by any other means, as the Committee may deem appropriate.

    i. To review and recommend action to the Board on program budgets, work plans and planning documents.

ARTICLE XVI -- SPECIAL COMMITTEES

Section 1:   The Chairperson of the Board may appoint special committees from time to   time depending upon the needs of the corporation. Such committees will have the responsibility to make policy recommendations from actions by the Board in the specific areas and shall function for as long as they are needed to accomplish the specific tasks.

Section 2: The Nominating Committee, which is a special committee, will report to the Board at the regular meeting preceding the annual meeting at which the election of officers is to take place. The Nominating Committee shall be comprised of four (4) members, one from each sector represented on the Board and one at-large which shall be elected by the Board at the September meeting of each year.

ARTICLE XVII -- OTHER COMMITTEES

Other Committees and Ad-Hoc Committees shall be appointed by the Chairperson as deemed necessary.

ARTICLE XVIII -- REMOVAL OF A MEMBER FROM THE BOARD FOR CAUSE

Section 1: Any member, except public officials, may be removed for any of the following reasons:

A. Willful misconduct.
B. Unexcused absent from three (3) consecutive scheduled meetings or four (4) meetings in any six (6) month period.
C. Five (5) consecutive excused absences or six (6) absences in any nine (9) month period.
D. Individual actions not on behalf of the corporate unit.
E. Removal for cause must be supported by a two-third vote of the Board, at which a quorum is present. A letter of notification is to be mailed to the affected member of the action taken by the Board and must be signed by the Board Chairman.
F. Any member of the Board who ceases to be a member of the target area group or private community organization, which he/she represents on the Board, or any public official who ceases to hold the office, which entitles him/her to sit on the Board, shall no longer be a member of the Board.
G. Definition of excused absence(s): Medical, Business, Vacation and Emergency (personal and family).

Section 2:   Public officials shall be notified in writing by letter when their representative   is not performing their duties as outlined above. The Board shall ask the public official for a replacement representative.

Section 3: Any agenda of each special called meeting of the Board shall accompany the notice of that meeting and shall be sent to all Board members. No meeting, be it regularly scheduled or special called, may address the issues of (1) removal of a member of the Board for cause, (2) the election of officer(s) of the Board, (3) the amendment or revision of these By-Laws or (4) employment and termination of the Executive Director of this corporation <u>unless</u> such items appear on an agenda circulated pursuant to the Open Meeting Act requirements.

ARTICLE XIX – OFFICERS OF THE BOARD

Section 1: The officers of Community Services and the Board of Directors shall be a Chairperson, a Vice-Chair, Secretary and Treasurer. The Chairperson shall appoint the Parliamentarian.

Section 2: The officers of the Board shall be recommended by the Nominating Committee and elected by the Board of Directors. Officers shall serve terms of one (1) year and may be subject to re-election for a maximum of four (4) terms, or until total Board eligibility ceases, whichever occurs first. The line of succession prevails when an officer is unable to complete an unfinished term.

Section 3: The duties of the Chairperson shall be to preside at all meetings of both the Board of Directors and the Executive Committee of Community Services. He/she shall appoint the Chair to the standing Committees. He/she shall have such other powers as vested in his/her by the operating rules and as are usual with the office as indicated in Robert's Rules of Order, Newly Revised. (Former Chairpersons whose term on the Board has ended can serve one additional year as an ex-officio non-voting member of the Board).

Section 4: The Board of Directors shall elect the Vice-Chair. He/she shall, in the absence or incapacity of the Chairperson and in case of the resignation or death of the Chairperson, perform the duties imposed on the Chairperson until such time the Board of Directors shall appoint a new Chairperson. He/she shall have the powers to perform such duties as may be assigned to him/her from time to time by the Board of Directors or by the Executive Committee.

Section 5: The duties of the Treasurer shall include, with such staff assistance as required, responsibility for books and records of account of Community Services, responsibility for any cash or securities of Community Services, and rendering financial statements of the Board of Directors from time to time or upon request of the Board. He/she shall have the power to give receipts for cash, securities, or other property delivered to the Board and to disburse funds in accordance with procedures established by the Board. The Treasurer shall have such other responsibilities as may be assigned by the Board of Directors.

Section 6: The duties of the Secretary shall include serving on the Executive Committee. He/she shall be responsible for maintaining all Board records, ensure their accuracy and safety, and review the Board meeting minutes. The Secretary may request assistance of a staff person with taping, taking notes and transcribing minutes. If a staff person tapes and transcribes at direction of Secretary a copy in draft form will be given to the Secretary for final correction and approval before being typed and placed in Board packets.

Each Board member will receive a copy of the minutes. A copy will be maintained in a Corporation Minute Book in the central office of Community Services (Linden).

Section 7: All officers of Community Services shall be elected at the annual meeting of the Board which shall be in December each year as determined by the Board of Directors.

Section 8: Any vacancy in any office held by a Board member because of death, resignation or otherwise may be filled by the Board for the unexpired portion of the term.

ARTICLE XX -- THE EXECUTIVE DIRECTOR, THE STAFF AND DUTIES

Section 1.   The Board of Directors shall select the Executive Director of this corporation. Duties and qualifications shall be as set forth in the approved job description.

Section 2.   The Executive Director shall hire the remaining staff of Community Services.

Section 3.   The corporation shall fix the salaries of these employees.

Section 4.   The Executive Director and staff selected by the Executive Director shall be the personnel authorized to travel in connection with the work of the Agency.

Section 5.   All employees shall be charged with the duty of abiding by such personnel policies and procedures as the Board of Directors may formulate and/or approve.

Section 6.   No person shall ever be denied employment by this organization on account of race, color, creed, national origin, sex, marital status, or age.

ARTICLE XXI -- AMENDMENT OF BY-LAWS

These By-laws may be amended, altered or revised at any time by a two-thirds (2/3) vote of quorum of the Board. The amendment, alteration or revision of these By-Laws shall be subject to the notice and agenda requirements of Article XV. Any amendments, alterations or revisions of these By-laws will be filed as attachments to the Board of Directors Master file and copies furnished to the Board members. Pages to the By-Laws that are changed will reveal the specific date of revision.

The By-Laws shall be effective immediately upon approval of the Board; however, the current membership will continue to serve until the next bi- annual elections are conducted.

All amendments, alterations or revisions of these By-Laws shall be promptly transmitted to the TDHCA or comparable funding source.

ARTICLE XXII -- DISSOLUTION OF THE CORPORATION

Dissolution of this corporation shall be in compliance with the laws of the State of Texas that those pertinent requirements and regulations of Community Action Agencies. The disposition of all property and assets of this corporation shall be in accordance with Grantee Property Administration.

ARTICLE XXIII – INTERNAL DISPUTE / IMPASS RESOLUTION

According to 45 CFR, Part 1304.50 (H), each Head Start grantee and Policy Council jointly must establish written procedures between the governing body (Board) and policy group. The following procedures address this requirement.

A. There must be respect and involvement between the governing Board and the Policy Council.

B. There must be a Board member serving on the Policy Council and a Policy Council member serving on the governing Board.

C. These written procedures must be approved* by the governing Board and the Policy Council annually.

D. If there is conflict between the governing Board and the Policy Council, the following informal procedures must be applied:

INFORMAL PROCEDURES

1. The Executive Director and the Head Start Director meet to resolve the conflict.

2. The Executive Director, the Head Start Director, Policy Council Chairperson, and the Board Chairperson meet to resolve the conflict.

3. The Board and Policy Council Executive Committees meet to resolve the conflict.

E. If the informal procedures do not resolve the conflict, then go to the approved formal procedures that includes disinterested** parties.

FORMAL PROCEDURES

1. The governing Board chooses one disinterested party.

2. The Policy Council chooses one disinterested party.

3. The two chosen disinterested parties choose a third disinterested party.

4. The three disinterested parties will resolve the impasse.

*The approval process includes the governing Board and the Policy Council being involved in the creation and implementation of these policies and procedures.

**Disinterested parties should not include any parents or family members of children currently enrolled in the Head Start Program, and any staff of Board members of the Grantee Agency, or Head Start Program.

Whistleblower Protection

The Agency will consider any reprisal against a reporting individual an act of misconduct subject to disciplinary procedures. A "reporting individual" is one who, in good faith, reported a suspected act of misconduct in accordance with this policy, or provided to a law enforcement officer any truthful information relating to the commission or possible commission of a federal offense or any other possible violation of the Agency's Code of Conduct.

Employees, Directors, volunteers, contractors, or other interested parties may report misconduct by calling the CSNT 24-hour Whistleblower Hotline at 1-800-858-6143.

AGENCY-WIDE BUDGET - 2024

	ADMIN	ASSISTANCE	SALARY	FRINGE	TRAVEL	TRAINING	EQUIPMENT	CONTRACTUAL	SUPPLIES	INDIRECT	OTHER	TOTAL
HEAD START	-	-	1,958,112.00	475,771.00	9,000.00	27,342.00	31,500.00	248,985.00	157,171.00	407,000.00	757,641.00	4,072,522.00
EARLY HEAD START	-	-	123,169.00	30,133.00	1,971.00	2,760.00	-	-	17,100.00	24,000.00	43,689.00	242,822.00
CACFP	-	-	-	-	-	-	-	-	-	18,000.00	162,698.00	180,698.00
CSBG 2024	-	-	134,686.20	53,987.58	9,010.50	-	36,781.00	3,629.50	15,746.44	43,114.30	134,187.48	431,143.00
CEAP 2024	50,644.84	2,875,390.00	440,710.00	-	2,500.00	-	-	-	-	207,603.15	-	3,576,847.99
CSBG DISC 2023	-	-	-	-	-	5,417.00		-	-		17,187.00	22,604.00
BENEFICIARY FUND	-	6,400.00	-	-	-	-	-	-	-	-	-	6,400.00
PAYEE	-	336.00	-	-	-	-	-	-	-	-	-	336.00
TBRA	-	25,600.00	-	-	-	-	-	-	-	2,000.00	-	27,600.00
VSN	13,500.00	121,500.00	-	-	-	-	-	-	-	15,000.00	-	150,000.00
TLC	-	6,000.00	-	-	-	-	-	-	-	-	-	6,000.00
SALVATION ARMY	-	3,500.00	-	-	-	-	-	-	-	-	-	3,500.00
TOTAL	64,144.84	3,038,726.00	2,656,677.20	559,891.58	22,481.50	35,519.00	68,281.00	252,614.50	190,017.44	716,717.45	1,115,402.48	8,720,472.99

	CURRENT CONTRACT	EXPECTED 2023 CONTRACT
HEAD START	4,750,000.00	4,750,000.00
EARLY HEAD START	250,000.00	250,000.00
CACFP	180,000.00	180,000.00
CSBG 2022	430,000.00	430,000.00
CEAP 2021	800,000.00	-
CEAP ARP	1,500,000.00	-
CEAP 2022	2,700,000.00	-
CEAP 2023		2,900,000.00
CSBG DISC 2022	24,000.00	-
BENEFICIARY FUND	71,400.00	75,000.00
PAYEE	4,800.00	4,800.00
TBRA	9,000.00	9,000.00
VSN	150,000.00	300,000.00
YEP	22,000.00	-
TLC	2,500.00	3,500.00
SALVATION ARMY	1,500.00	2,500.00
TX HAF		999,999.00
LIHWAP		
LOCAL ADMINISTRATION	1,000.00	15,000.00
FUNDING TOTAL	10,896,200.00	9,919,799.00
INDIRECT COST POOL	1,089,620.00	991,979.90
GRAND TOTAL	11,985,820.00	10,911,778.90

	ADMIN	ASSISTANCE	SALARY	FRINGE
HEAD START			2,175,680.00	528,635.00
EARLY HEAD START			136,855.00	33,482.00
CACFP				
CSBG 2022			177,211.00	33,739.00
CEAP 2022	199,033.00	2,215,576.00	339,581.00	
CEAP 2023	200,000.00	2,215,000.00	339,500.00	
CSBG DISC 2022				
BENEFICIARY FUND	-	6,400.00		
PAYEE				
TBRA				
VSN	15,000.00	135,000.00		
TLC				
SALVATION ARMY				
TX HAF	999,999.00			
LIHWAP	83,090.00	549,736.00		
LOCAL ADMINISTRATION				

| | | 1,497,122.00 | 5,121,712.00 | 3,168,827.00 | 595,856.00 |

	ADMIN	ASSISTANCE	SALARY	FRINGE
HEAD START	-	-	1,958,112.00	475,771.00
EARLY HEAD START	-	-	123,169.00	30,133.00
CACFP	-	-	-	-
CSBG 2022	-	-	159,489.00	30,365.00
CEAP 2022	179,129.00	1,994,018.00	305,622.00	-
CEAP 2023	180,000.00	1,993,500.00	305,550.00	-
CSBG DISC 2022	-	-	-	-
BENEFICIARY FUND	-	6,400.00	-	-
PAYEE	-	336.00	-	-
TBRA	-	25,600.00	-	-
VSN	13,500.00	121,500.00	-	-
TLC	-	6,000.00	-	-
SALVATION ARMY	-	3,500.00	-	-
TX HAF	899,999.00	-	-	-
LIHWAP	74,781.00	494,762.00	-	-
LOCAL ADMINISTRATION	-	40,000.00	-	-
	1,347,409.00	4,685,616.00	2,851,942.00	536,269.00

TRAVEL	TRAINING	EQUIPMENT	CONTRACTUAL	SUPPLIES	INDIRECT
10,000.00	30,381.00	35,000.00	276,650.00	174,635.00	407,000.00
2,190.00	3,067.00	-	-	19,000.00	24,000.00
8,150.00		33,538.00	1,932.00	11,353.00	43,394.00
2,500.00					199,000.00
2,500.00					200,000.00
		8,696.00			

25,340.00	33,448.00		278,582.00		873,394.00

TRAVEL	TRAINING	EQUIPMENT	CONTRACTUAL	SUPPLIES	INDIRECT
9,000.00	27,342.00	31,500.00	248,985.00	157,171.00	407,000.00
1,971.00	2,760.00	-	-	17,100.00	24,000.00
-	-	-	-	-	18,000.00
7,335.00	-	30,184.00	1,738.00	10,217.00	43,394.00
2,250.00	-	-	-	-	179,129.00
2,250.00	-	-	-	-	180,000.00
-	-	7,826.00	-	-	2,952.00
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,000.00
-	-	-	-	-	15,000.00
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	100,000.00
-	-	-	-	-	63,282.00
-	-	-	-	-	-
22,806.00	30,102.00	69,510.00	250,723.00	184,488.00	1,034,757.00

OTHER	TOTAL	
841,824.00	4,479,805.00	34%
48,544.00	267,138.00	2%
180,776.00	180,776.00	1%
124,626.00	433,943.00	3%
	2,955,690.00	23%
	2,957,000.00	23%
20,833.00	29,529.00	0%
	6,400.00	0%
	-	0%
	-	0%
	150,000.00	1%
	-	0%
	-	0%
	999,999.00	8%
	632,826.00	5%
	-	0%
	-	0%

1,216,603.00	13,093,106.00
	Checksum
12,810,884.00	282,222.00

OTHER	TOTAL	
757,641.00	4,072,522.00	31%
43,689.00	242,822.00	2%
162,698.00	180,698.00	1%
112,163.00	394,885.00	3%
-	2,660,148.00	20%
-	2,661,300.00	20%
18,749.00	29,527.00	0%
-	6,400.00	0%
-	336.00	0%
-	27,600.00	0%
-	150,000.00	1%
-	6,000.00	0%
-	3,500.00	0%
-	999,999.00	8%
-	632,825.00	5%
-	40,000.00	0%
		0%
1,094,940.00	12,108,562.00	
	Checksum	

CSNT
Community Services of Northeast Texas, Inc.

FINANCE MANUAL

The effective date of all accounting policies described in this manual is October 1, 2004. Revised December 3, 2014. Revised August 25, 2015. Threshold for quote was revised 11-1-2017 without revision to any other part of the document. Revised June 27, 2018 Revised and approved May 26, 2020.

TABLE OF CONTENTS

INTRODUCTION [top]

The following accounting manual is intended to provide an overview of the accounting policies and procedures applicable to Community Services of Northeast Texas, Inc., which shall be referred to as "Community Services of Northeast Texas, Inc.," "CSNT", or "the Agency" throughout this manual.

Community Services of Northeast Texas, Inc. is a Texas corporation, exempt from federal income tax under IRS Section [501(c) (3)] as a nonprofit entity. The Agency's mission is:

CSNT applies all available strategies enabling Northeast Texas families to lead improved, empowered, and self-reliant lives.

This manual shall document the financial activities of the Agency. Its primary purpose is to formalize accounting policies and selected procedures for the accounting staff and to document Internal Controls.

The contents of this manual were approved as official policy of the Agency by the Executive Director, Chief Financial Officer, Policy Council and Board of Directors. All Agency staff are bound by the policies herein, and any deviation from established policy is prohibited.

Section 100 GENERAL POLICIES

100.101 Organizational Structure

100.101 (a) The Role of the Board of Directors [top]

Community Services of Northeast Texas, Inc. is governed by its Board of Directors, which is responsible for the oversight of the organization by:

1. Planning for the future
2. Establishing broad policies
3. Identifying and proactively dealing with emerging issues
4. Interpreting the Agency's mission to the public
5. Soliciting prospective contributors
6. Hiring and managing the Executive Director
7. Establishing and maintaining programs and systems designed to assure compliance with terms of contracts and grants

The Board is responsible for hiring and periodically evaluating the Agency's Executive Director, who shall be responsible for the day-to-day oversight and management of Community Services of Northeast Texas, Inc.

100.101 (b) Committee Structure [top]

The Board of Directors shall form committees in order to assist the Board in fulfilling its responsibilities. These committees provide a means for distributing the Board's work to smaller groups, thereby removing the responsibility for evaluating all of the details of particular issues from the full Board's consideration. Standing Board-level committees of Community Services of Northeast Texas, Inc. consist of the following:

1. Executive Committee
2. Finance Committee
3. Personnel Committee
4. Planning and Evaluation Committee

Specific guidelines regarding the composition and election of the Board of Directors and committees are described in the Agency's by-laws. However, roles of committees with direct responsibilities for the financial affairs of the Agency are further described in this manual. These committees shall be referred to in appropriate sections of this manual.

100.101 (c) Finance Committee Responsibilities [top]

The Finance Committee is responsible for direction and oversight regarding the overall financial management of Community Services of Northeast Texas, Inc., In the performance of its functions, the Finance Committee shall:

1. Review Agency financial operations, reports, budgets, etc.
2. Review financial operations of any third party with which the Agency has contracted for the purpose of providing financial services.
3. Review the procurement of the Agency's auditor, ensuring fair and open competition.
4. Recommend which independent auditing firm (CPA) should conduct the annual audit.
5. Review audit reports in detail and recommend actions to assure resolution of any questionable items in the audit.
6. Monitor any material weaknesses identified in the annual audit.
7. Make recommendations to the Board on matters regarding the Agency's financial well-being.
8. Serve as the ultimate point of contact for any person who reports a suspicion of financial fraud, waste, or abuse against the Agency by one of its employees, a Board member, or a third party.
9. Serve as the primary point of contact for any person reporting a suspicion of wrongdoing by the Executive Director or a Board member.

The review of the Agency's financial statements shall not be limited to the Finance Committee, but shall involve the entire Board of Directors.

100.101 (d) The Roles of the Executive Director [top]

The Board of Directors hires the Executive Director, who reports directly to the Board of Directors. The Executive Director is responsible for hiring and evaluating Department Directors for each of the Agency's departments. Each Department Director reports to the Executive Director.

The Executive Director is responsible for the overall coordination and successful execution of all programs in the Agency.

Additionally, the Executive Director is to:

Maintain Agency stability by establishing and improving the functional structure through delegation of authority, enforcement of Board decisions, developing, monitoring and enforcing policies and procedures in all areas of Agency responsibility

Contribute to the Board's effectiveness by identifying short-term and long-range issues to be addressed; provide information and commentary pertinent to the Board's deliberations; recommend options and courses of action especially where professional considerations are involved; implement Board decisions and directives; recruit Board candidates

Keep Board of Directors informed by collecting, analyzing, and summarizing information and trends, remaining accessible and answering questions and requests

Maintain and develop entire Agency staff by supervising -- directly (Administrative staff, Department and Program Directors) and through delegating -- all personnel including: hiring; transferring; promoting; demoting; disciplining; counseling; coaching; appraising job results; terminating; providing educational and experiential growth opportunities and morale-maintaining incentives

Maintain the financial viability of the Agency through budgeting and controlling expenses, performing audit activities, submitting grant proposals, and participating in fundraising activities

Protect the physical and financial resources of the Agency by inspecting, maintaining, and keeping accurate inventories of the facilities, physical properties, and equipment, according to the Agency's financial policies and procedures and the various funding regulations

Maintain Agency credibility by working with the executives and staff of funding agencies, other sponsoring groups, and related service agencies

Identify actual and anticipated community-wide service needs by establishing a personal rapport with potential and actual clients and other individuals who are in a position to understand and identify opportunities to serve in those communities

Promote a positive Agency image by ensuring an understanding in the community of program services available; publicizing accomplishments of the Agency, and adhering to a professional code of ethics

Act as a liaison between the Agency and the community's civic, social and religious leaders

Maintain professional and technical knowledge by attending education workshops, reviewing professional publications, establishing professional networks, and participating in professional societies

Comply with federal state and local legal requirements by studying existing and new legislation and enforcing adherence to those requirements

Perform any other duties as may arise through the day-to-day operations of a Community Action Agency

100.102 Finance Department Overview

100.102 (a) Organization [top]

The finance department shall manage and process financial information for the Agency. The positions comprising the finance department of the Agency, and the abbreviations of each position used throughout this manual, are as follows:

> Chief Financial Officer (CFO)
> Assistant Finance Director (AF)
> Payroll Specialist (PS)
> Coding Specialist (CS)
> Accounting Clerk (AC)

Other officers and employees of the Agency, who have financial responsibilities, and the abbreviations of each position that is or may be used throughout this manual, are as follows:

> Executive Director (ED)

Director of Operations (DO)
Division Directors (DD)
Treasurer – Board-Level (TR)
Financial/Audit Committee (FC)
Executive Committee (EC)
Full Board of Directors (BOD)

100.102 (b) Responsibilities [top]

The primary responsibilities of the Finance Department consist of:

General Ledger
Budgeting
Cash and Investment Management
Asset Management
Asset Security
Agency Risk Management
Internal Control Management
Grants and Contracts Administration
Purchasing
Accounts Receivable
Cash Receipts
Accounts Payable
Cash Disbursements
Payroll
Financial Statement Processing
External Reporting of Financial Information
Bank Reconciliation
Reconciliation of Sub-Ledgers
Compliance with Government Reporting Requirements
Gather and provide information for Annual Audit
Leases
Insurance Policies
Prepare Financial Statements, including Fund Balance Reports
Donor Management
In-Kind Donation Management
Inventory
Local Matching Funds Tracking
Audit Coordination

BUSINESS CONDUCT

Practice of Ethical Behavior [top]

Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The policies and reputation of the Agency depend to a very large extent on the following considerations.

Each employee must apply her/his own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. It is each employee's responsibility to apply common sense in business decisions where specific rules do not provide all the answers.

In determining compliance with this standard in specific situations, employees should ask themselves the following questions:

1.   Is my action legal?

2.   Is my action ethical?

3.   Does my action comply with the Agency's policy?

4.   Am I sure my action does not appear inappropriate?

5.   Am I sure that I would not be embarrassed or compromised if my action became known within the Agency or publicly?

6.   Am I sure that my action meets my personal code of ethics and behavior?

7.   Would I feel comfortable defending my action on the 6 o'clock news?

Each employee should be able to answer "yes" to all of these questions before taking action.

Each Director, Manager and Supervisor is responsible for the ethical business behavior of her/his subordinates. Directors, Managers and Supervisors must weigh carefully all courses of action suggested in ethical as well as economic terms, and base their final decisions on the guidelines provided by this policy as well as their personal sense of right and wrong.

Conflict of Interest Policy [top]

Introduction [top]

In the course of business, situations may arise in which an Agency decision maker has a conflict of interest, or in which the process of making a decision may create an appearance of a conflict of interest.

All Directors and employees have an obligation to:

1. Avoid conflicts of interest, or the appearance of conflicts, between their personal interests and those of the Agency in dealing with outside entities or individuals, and

2. Disclose real and apparent conflicts of interest to the Board of Directors, and

3. Refrain from participation in any decisions on matters that involve a real conflict of interest or the appearance of a conflict.

What Constitutes a Conflict of Interest [top]

All employees and Directors of the Agency owe a duty of loyalty to the Agency. This duty necessitates that in serving the Agency, they act solely in the interests of the Agency, not in their personal interests or in the interests of others.

The persons covered under this policy shall hereinafter be referred to as "interested persons." Interested persons include all members of the Board of Directors and all employees, as well as persons with the following relationships to directors or employees:

1. Spouses or domestic partners

2. Brothers and sisters

3. Parents, children, grandchildren, and great-grandchildren

4. Spouses of individuals listed in 2 and 3

5. Corporations, partnerships, limited liability companies (LLCs), and other forms of businesses in which an employee or director, either individually or in combination with individuals listed in 1, 2,3, or 4, collectively possess a [35%] or more ownership or beneficial interest

The above list is not comprehensive. Other relationships such as close friendships may also cause a conflict of interest. Each situation must be evaluated for potential conflict, and it is the duty of each person who becomes an "interested person" to disclose the potential conflict.

Conflicts of interest arise when the interests of an interested party may be seen as competing with those of the Agency. Conflicts of interest may be financial (where an interested party benefits financially directly or indirectly) or non-financial (e.g., seeking preferential treatment, using confidential information).

A conflict of interest arises when a Director or employee involved in making a decision is in the position to benefit, directly or indirectly, from his or her dealings with the Agency or person conducting business with the Agency. (A potential conflict of interest exists when the Director or employee, or his or her

immediate family {spouse, parent, child, brother, sister and spouse of parent, child, brother, or sister} owes/receives more than 1% of the benefiting business/profits.)

Examples of conflicts of interest include, but are not limited to, situations in which a Director or employee:

1. Negotiates or approves a contract, purchase, or lease on behalf of the Agency and has a direct or indirect interest in, or receives personal benefit from, the entity or individual providing the goods or services.

2. Negotiates or approves a contract, sale, or lease on behalf of the Agency and has a direct or indirect interest in, or receives personal benefit from, the entity or individual receiving the goods or services.

3. Employs or approves the employment of, or supervises a person who is an immediate family member of the director or employee.

4. Sells products or services in competition with the Agency.

5. Uses the Agency's facilities, other assets, employees, or other resources for personal gain.

6. Receives a substantial gift (any gift with a value of more than $25) from a contractor, if the Director or employee is responsible for initiating or approving purchases from that contractor.

Honoraria Acceptance

An Agency employee shall not accept an honorarium for an activity conducted where agency-reimbursed travel, work time, or resources are used or where the activity can be construed as having a relationship to the employee's position with Agency; such activity would be considered official duty on behalf of Agency. A relationship exists between the activity and the employee's position with Agency if the employee would not participate in the activity in the same manner or capacity if they did not hold their position with Agency.

The employee should make every attempt to avoid the appearance of impropriety. An employee may receive an honorarium for activities performed during regular non-working hours or while on annual leave if the following conditions are met:
• All expenses are the total responsibility of the employee or the sponsor of the activity in which the employee is participating.
• The activity has no relationship to the employee's Agency duties.

Nothing in this policy shall be interpreted as preventing the payment to the Agency by an outside source for actual expenses incurred by an employee in an activity, or the payment of a fee to Agency (in lieu of an honorarium to the individual) for the services of the employee. Any such payments made to Agency should be deposited to the Agency account and an appropriate entry should be made coded to the same program or department to which the employee's corresponding time was charged.

Disclosure Requirements

A Director or employee who believes that he or she may be perceived as having a conflict of interest in a discussion or decision must disclose that conflict to the group making the decision. Most concerns about conflicts of interest may be resolved and appropriately addressed through prompt and complete disclosure.

Therefore, Agency requires the following:

1. At the inception of employment or volunteer service to the Agency, and on an annual basis thereafter, the accounting department shall distribute a list of all contractors with whom the Agency has transacted business at any time during the preceding year, along with a copy of the disclosure statement to all members of the Board of Directors, the Executive Director, members of senior management, and employees with purchasing and/or hiring responsibilities or authority. Using the prescribed form, these individuals shall inform, in writing and with a signature, the Executive Director and the chair of the Finance Committee, of all potential reportable conflicts.

2. During the year, these individuals shall submit a signed, updated disclosure form if any new potential conflict arises.

3. The Executive Director shall review all forms completed by employees, and the Finance Committee shall review all forms completed by Directors and the Executive Director and determine appropriate resolution in accordance with the next section of this policy.

4. Prior to management, Board, or committee action on a contract or transaction involving a conflict of interest, a staff, director, or committee member having a conflict of interest and who is in attendance at the meeting shall disclose all facts material to the conflict of interest. Such disclosure shall be reflected in the minutes of the meeting.

5. A staff, Director, or committee member who plans not to attend a meeting at which he or she has a reason to believe that the management, Board, or committee will act on a matter in which the person has a conflict of interest shall disclose to the chair of the meeting all facts material to the conflict of interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.

6. A person who has a conflict of interest shall not participate in or be permitted to hear management's, the Board's, or the committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter.

7. A person who has a conflict of interest with respect to a contract or transaction that will be voted on at a meeting shall not be counted in determining a quorum for purposes of the vote. The person having a conflict of interest may not vote on the contract or transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote and abstention from voting shall be reflected in the minutes of the

meeting. For purposes of this paragraph, a member of the Board of Directors of the Agency has a conflict of interest when he or she stands for election as an officer or for reelection as a member of the Board of Directors.

8. If required by Federal awarding agencies, Agency will notify those agencies in writing of any *potential* conflict of interest. (*2 CFR Part 200.112, Conflict of interest*)

Resolution of Conflicts of Interest

All real or apparent conflicts of interest shall be disclosed to the Finance Committee and the Executive Director of the Agency. Conflicts shall be resolved as follows:
• The Finance Committee shall be responsible for making all decisions concerning resolutions of conflicts involving Directors, the Executive Director, and other members of senior management.
• The chair of the committee shall be responsible for making all decisions concerning resolutions of conflicts involving Finance Committee members.
• The chair of the Board shall be responsible for making all decisions concerning resolutions of the conflict involving the chair of the Finance Committee.
• The Executive Director shall be responsible for making all decisions concerning resolutions of conflicts involving employees below the senior management level, subject to the approval of the Finance Committee.
An employee or Director may appeal the decision that a conflict (or appearance of conflict) exists as follows:
• An appeal must be directed to the chair of the Board.
• Appeals must be made within 30 days of the initial determination.
• Resolution of the appeal shall be made by vote of the full Board of Directors.
• Board members who are the subject of the appeal, or who have a conflict of interest with respect to the subject of the appeal, shall abstain from participating in, discussing, or voting on the resolution, unless their discussion is requested by the remaining members of the board.

Disciplinary Action for Violations of This Policy [top]

Failure to comply with the standards contained in this policy will render the violator subject to Policy 716 under the Agency's Personnel Policies and Procedures.

A Board member who violates this policy may be removed from the Board by majority vote.

Compliance with Laws, Regulations and Agency Policies

The Agency does not tolerate the willful violation or circumvention of any Federal, state, local, or foreign law by an employee during the course of that person's employment; nor does the Agency tolerate the disregard or circumvention of policy or engagement in unscrupulous dealings. Employees should not attempt to accomplish by indirect means, through agents or intermediaries, that which is directly forbidden.

Implementation of the provisions of this policy is one of the standards by which the performance of all levels of employees will be measured.

The Agency recognizes that as a recipient of federal funds, the Agency is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. To ensure that the Agency meets this responsibility, the following policies apply with respect to every grant or contract received directly or indirectly from a federal agency:

1. For each federal award, an employee within the department responsible for administering the award will be designated as the Single Point of Accountability (SPA) for that grant or contract.

2. Each designated SPA shall attend a training on grant management prior to beginning his or her role as such (or as early as possible). Thereafter, all designated SPAs shall attend periodic refresher/update courses on grant management. The suggested timeframe for these courses would be once within each three calendar-year period.

3. The designated SPA shall take the following steps to identify all applicable laws, regulations, and provisions of each grant and/or contract:

    a. Read each award and, if necessary, prepare a summary of key changes to compliance requirements and specific laws and regulations.

    b. Review the 2 CFR Part 200 Appendix XI, Compliance Supplement (updated annually) published by the Office of Management and Budget (OMB) for compliance requirements unique to the award and for compliance requirements common to all federal awards.

    c. Review the section of the Catalog of Federal Domestic Assistance (CFDA) applicable to the award.

    d. The designated SPA will communicate grant requirements to those who will be responsible for carrying them out, or impacted by them.

4. The Finance Department shall forward copies of applicable laws regulations to the designated SPA (such as OMB Circulars, pertinent sections of compliance supplements, and other regulations).

5. The designated SPA and/or the Finance Department shall identify and communicate any special changes in policies and procedures necessitated by federal awards as a result of the review of each award.

6. The designated SPA shall inform the independent auditors of applicable laws, regulations, and provisions of contracts and grants. The designated SPA shall also communicate known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the auditors.

Disciplinary Action [top]

Failure to comply with the standards contained in this policy will render the violator subject to Policy 716 under the Agency's Personnel Policies and Procedures.

A Board member who violates this policy may be removed from the Board by majority vote.

FRAUD POLICY

Introduction an Scope

This policy communicates the actions to be taken for suspected misconduct committed, encountered, or observed by employees and volunteers.

Like all organizations, the Agency faces many risks associated with fraud, abuse, and other forms of misconduct. The impact of these acts, collectively referred to as misconduct throughout this policy, may include, but not be limited to:

• Financial losses and liabilities.
• Loss of current and future revenue and customers.
• Negative publicity and damage to the Agency's good public image.
• Loss of employees and difficulty in attracting new personnel.
• Deterioration of employee morale.
• Harm to relationships with clients, contractors, bankers, and subcontractors.
• Litigation and related costs of investigations, etc.

The Agency is committed to establishing and maintaining a work environment of the highest ethical standards. Achievement of this goal requires the cooperation and assistance of every employee and volunteer at all levels of the Agency.

This policy applies to any fraud or suspected fraud involving employees, officers or directors, as well as members, consultants, contractors, funding sources and/or any other parties with a business relationship with the Agency. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship with the Agency.

Policy

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any misconduct or fraud that is detected or suspected must be reported immediately to the Executive Director, Chief Financial Officer or, alternatively, to the Chair of the Board of Directors or Finance Committee, who coordinates all investigations.

<u>Actions Constituting Misconduct and/or Fraud</u>

For purposes of this policy, misconduct includes, but is not limited to:

1. Actions that violate the Agency's Code of Conduct, Personnel Policies and Procedures, Financial Policies or any other policies as set forth by the Agency.

2. Fraud (see below).

3. Forgery or alteration of checks, bank drafts, documents or other records (including electronic records).

4. Destruction, alteration, mutilation, or concealment of any document or record with the intent to obstruct or influence an investigation, or potential investigation, carried out by a department or agency of the federal government or by the Agency in connection with this policy.

5. Disclosure to any external party of proprietary information or confidential personal information obtained in connection with employment with or service to the Agency.

6. Unauthorized personal or other inappropriate (non-business-related) use of equipment, assets, services, personnel, or other resources.

7. Acts that violate federal, state, or local laws or regulations.

8. Accepting or seeking anything of material value from contractors or persons providing goods or services to Agency. Exception: gifts valued at $25 or less.

9. Impropriety of the handling or reporting of money in financial transactions.

10. Failure to report known instances of misconduct in accordance with the reporting responsibilities described herein (including tolerance by supervisory employees of misconduct of subordinates).

Fraud is further defined to include, but not be limited to:

• Theft, embezzlement, or other misappropriation of assets (including assets of or intended for the Agency, as well as those of our clients, subcontractors, contractors, contractors, suppliers, and others with whom the Agency has a business relationship).
• Intentional misstatements in the Agency's records, including intentional misstatements of accounting records or financial statements.
• Authorizing or receiving payment for goods not received or services not performed.
• Authorizing or receiving payments for hours not worked.
• Forgery or alteration of documents, including but not limited to checks, timesheets, contracts, purchase orders, receiving reports.

Agency prohibits each of the preceding acts of misconduct on the part of employees, officers, executives, volunteers, and others responsible for carrying out the Agency's activities.

Other Irregularities

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by the departmental management and the Human Resources Department.

If there is a question as to whether an action constitutes fraud, a determination may be made by the Executive Director, Chief Financial Officer or the Chair of the Finance Committee. The external auditor and /or legal counsel may be consulted if necessary for additional guidance.

Reporting Responsibilities

All employees, officers, and volunteers are responsible for immediately reporting suspected misconduct to their supervisor, Internal Audit, Chief Financial Officer, or the Chair of the Finance Committee.

When supervisors have received a report of suspected misconduct, they must immediately report such acts to their manager, Internal Audit, the Chief Financial Officer, or the Finance Committee.

Employees, Directors, volunteers, contractors, or other interested parties may report misconduct by calling the CSNT 24-hour Whistleblower Hotline at 1-800-959-6143.

Reporting Procedures

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will contact the Executive Director or Chief Financial Officer or the Board Chair or the Chair of the Finance Committee immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Finance Committee or legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation", "the crime", "the fraud", "the forgery", "the misappropriation", or any other specific reference.

The reporting individual should be informed of the following:

1.   Do not contact the suspected individual in an effort to determine facts or demand restitution.

2.   Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Agency's legal counsel or the Finance Committee.

Whistleblower Protection [top]

The Agency will consider any reprisal against a reporting individual an act of misconduct subject to disciplinary procedures. A "reporting individual" is one who, in good faith, reported a suspected act of misconduct in accordance with this policy, or provided to a law enforcement officer any truthful information relating to the commission or possible commission of a federal offense or any other possible violation of the Agency's Code of Conduct.

Employees, Directors, volunteers, contractors, or other interested parties may report misconduct by calling the CSNT 24-hour Whistleblower Hotline at 1-800-858-6143.

Investigation Responsibilities

Due to the sensitive nature of suspected misconduct, supervisors and managers should not, under any circumstances, perform any investigative procedures.

The Executive Director has the primary responsibility for investigating suspected misconduct involving employees below the Executive Director level. The Executive Director shall provide a summary of all investigative work pertaining to misconduct to the Finance Committee. The Finance Committee has the primary responsibility for investigating suspected misconduct involving the Executive Director, as well as Board members and officers. However, the Finance Committee may request the assistance of the Chief Financial Officer in any such investigation.

Investigation into suspected misconduct will be performed without regard to the suspected individual's position, length of service, or relationship with the Agency.

In fulfilling its investigative responsibilities, the Finance Committee shall have the authority to seek the advice and/or contract for the services of outside firms, including but not limited to law firms, CPA firms, forensic accountants and investigators, etc. The Finance Committee must confer with knowledgeable employees about the availability of funds for such expenditures.

During an official investigation, members of the investigative team, as authorized by the Finance Committee, shall have free and unrestricted access to all Agency records and premises, whether owned or rented, at all times. Members of any investigative team shall be versed and oriented with regard to confidentiality and shall have a confidentiality agreement on file with the Agency.

The investigative team shall also have the authority to examine or copy all or any portion of the contents (in paper or electronic form) of filing cabinets, storage facilities, desks, credenzas and computers without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of an investigation into suspected misconduct or related follow-up procedures. No items shall be removed from the premises unless it is determined by a law enforcement agency that

such items must be held as evidence in a criminal case. The team may, however, restrict access to a certain area by way of lock and key to safeguard items under investigation.

The existence, the status, or results of investigations into suspected misconduct shall not be disclosed or discussed with any individual other than those with a legitimate need to know in order to perform their duties and fulfill their responsibilities effectively.

Confidentiality

The Finance Committee and the Chief Financial Officer must treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the appropriate person(s) and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act. (see Reporting Responsibilities section above)

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect Agency from potential civil liability.

An employee who discovers or suspects fraudulent activity may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Finance Committee or legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should be informed of the following:
1. Do not contact the suspected individual in an effort to determine facts or demand restitution.
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Agency legal counsel or the Finance Committee.

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Agency from potential civil liability.

Disclosure to Outside Parties

Allegations of and information related to allegations of suspected misconduct shall not be disclosed to third parties except under the provisions described in this policy (such as disclosure to outside investigators hired by the Agency to aid in an investigation).

However, all known fraud involving the Executive Director, senior management, or members of the Board of Directors, as well as all material fraud involving employees below the senior management level, shall be disclosed by the Finance Committee to the Agency's external auditors.

The Agency will disclose, in a timely manner, in writing to Federal awarding agencies all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. (*200.113 Mandatory disclosures*)

Protection of Records – Federal Matters

The Agency prohibits the deliberate destruction, alteration, mutilation, or concealment of any record, document, or tangible object with the intent to obstruct or influence the investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States government, or in relation to or contemplation of any such matter or case.

Violations of this policy will be considered violations of the Agency's Code of Ethics and subject to the investigative, reporting, and disclosure procedures described earlier in this policy.

Disciplinary Action

Failure to comply with the standards contained in this policy will render the violator subject to Policy 716 under the Agency's Personnel Policies and Procedures.

A Board member who violates this policy may be removed from the Board by majority vote.

SECURITY

Finance Department

A lock will be maintained on the door leading into the Agency's Finance Department. This door shall be closed and locked in the evenings and whenever the Finance Department is vacant. The key/combination to this lock will be provided to key Finance Department personnel and the Executive Director, and other personnel as approved by the Executive Director. The lock will be changed whenever any of these individuals leaves the employment of Agency.

Agency's blank check stock shall be stored in a fireproof file cabinet in the Finance Department. This cabinet will be locked with a key that is kept in the Finance Department. Access to this file cabinet shall be by keys in the possession and/or control of the Chief Financial Officer and any other person in the Department as deemed necessary by the Chief Financial Officer. No more than two employees shall possess keys concurrently.

Access to Electronically Stored Accounting Data

Agency utilizes passwords to restrict access to accounting software and data. Only duly authorized accounting personnel with data input responsibilities will be assigned passwords that allow access to the system. Employees whose duties are limited to Information Technology are restricted from accessing accounting software.

Accounting personnel are expected to keep their passwords secret and to change their passwords on a regular basis, no less frequently than every 90 days. Administration of passwords shall be performed by a responsible individual independent of programming functions.

Each password enables a user to gain access to only those software and data files necessary for each employee's required duties. On an annual basis, Agency performs a review of accounting software users to ensure they have the appropriate access levels. Unnecessary access will be rescinded.

Note: The Agency's accounting software provides for permissions to be assigned to each password holder. The Chief Financial Officer is responsible for ensuring that password holders only have permissions which allow them to access the necessary sections of the software relevant to their job duties. While one password holder may have access to input or posting capabilities, another may only have access to certain reporting features.

Storage of Sensitive Data [top]

In addition to accounting and financial data stored in the Finance Department, other sensitive data, including protected personally identifiable information (PII) such as social security numbers of employees and/or clients may be stored in areas other than the Finance Department. Locations of sensitive data include, but are not limited to:

1. Other Agency departments such as Head Start / Early Head Start, Community Services, Adult Nutrition, Human Resources, or other programs which require the storage of client or employee data

2. Electronic or on-line storage

The Organization's policy is to minimize the storage of sensitive data outside the Accounting Department by shredding documents with such data or deleting the sensitive data from documents that are stored outside the Finance Department as soon as possible. Please see the Agency's technology policies for standards for electronic and on-line storage.

Storage of Back-Up Files

It is the policy of the Agency to maintain back-up copies of electronic data files in a secure environment. Access to back-up files shall be limited to individuals authorized by management, such as the Executive Director, Chief Financial Officer, and Information Technology Coordinator. The Information Technology Coordinator is responsible for making daily and weekly external back-ups.

General Office Security

During normal business hours, the entry door remains locked to outside visitors, but is easily opened from the inside for safety reasons. A rear exit exists for emergency egress. After hours, a key is required for access to the offices of the Department. Keys are issued only to employees designated by the Department.

TECHNOLOGY AND ELECTRONIC COMMUNICATIONS

Purpose and Scope

The purpose of this policy is to identify guidelines for the use of the Agency's technologies and communications systems. This policy establishes a minimum standard that must be upheld and enforced by users of the Agency's technologies and communications systems.

The term "user" as used in these policies refers to employees (whether full-time, part-time or limited-term), independent contractors, consultants, and any other user having authorized access to, and using any of, the Agency's computers or electronic communications resources.

Computer and electronic communications resources include, but are not limited to, host computers, file servers, stand alone computers, laptops, printers, fax machines, phones, on-line services, E-mail systems, bulletin Board systems, and all software that is owned, licensed or operated by the Agency.

Acceptable Use of Agency Property

Use of the Agency's computers and electronic communications technologies is for programmatic and business activities of the Agency. All use of such resources shall be in an honest, ethical, and legal manner that conforms to applicable license agreements, contracts, and policies regarding their intended use. Although incidental and occasional personal use of the Agency's communications systems are permitted, users automatically waive any rights to privacy.

In addition, the information, ideas, concepts and knowledge described, documented or contained in the Agency's electronic systems are the intellectual property of the Agency. The copying or use of the Agency's intellectual property for personal use or benefit during or after employment (or period of contract) with the Agency is prohibited unless approved in advance by the Executive Director.

All hardware (laptops, computers, monitors, mice, keyBoards, printers, telephones, fax machines, etc) issued by Community Services of Northeast Texas, Inc. is the property of the Agency and should be treated as such. Users may not physically alter or attempt repairs on any hardware at any time. Users must report any problems with hardware to the Service Manager.

Password Security

Users are responsible for safeguarding their login passwords. Passwords may not be shared, nor should they be printed or stored on-line. Users should not leave their computers unattended without logging off.

In an effort to safeguard areas that may need to be accessed in the absence of the employee assigned to such particular password-protected area, a password storage system is in place. The Information Technology employee will keep the passwords in a safe, locked area. To store the needed passwords, employees are to:
> • obtain a card and sleeve from the IT department
> • write the user name and password on one side of the card

- fold the card in half once
- write your name and employee number on the outside of the card
- write the area, URL, or software requiring the password on the outside of the card
- write the date on the outside of the card
- place the card in the plastic sleeve
- stable the sleeve once in such a fashion as to prevent the card from being removed
- do not staple through the card
- return the sleeve to the IT department
- repeat this procedure each time the password is changed or updated

The password, key, code, or combination used to lock the password sleeves away shall itself be housed in two duplicate sleeves. One shall be kept in a locked container and its location known only to the Executive Director, and the other shall be kept off-site by a person designated by the Executive Director.

Telecommuting

Telecommuting is the practice of accessing the Agency's computer system from an approved alternate location instead of physically traveling to an employee's usual workplace. This work alternative must be approved by the Executive Director.

The Agency maintains a GoToMyPc.com account for the purpose of telecommuting. In order for an employee to access their computer via telecommuting, the computer to be accessed must remain in logged-on status and must be secured to the extent possible to prevent unauthorized use.

Confidentiality

All information about individuals, families or organizations served by the Agency is confidential. No information may be shared with any person, contractor, or organization outside the Agency unless express written permission is given by:

- the individual whose information is to be shared
- the parent or guardian of any minor child whose information is to be shared
- an authorized person of any organization whose information is to be shared

The Agency shall maintain proof of the permission granted in the appropriate files.

Copyrighted Information

Use of the Agency's electronic communication systems to copy, modify, or transmit documents, software, information or other materials protected by copyright, trademark, patent or trade secrecy laws, without obtaining prior written permission from the owner of such rights in such materials, is prohibited.

Installation of Software

The installation of new software on the computers of the Agency without the prior approval of the Information Technology Coordinator is prohibited. If an employee desires to install any new programs onto an Agency computer, written permission from the Information Technology Coordinator and/or the Executive Director must first be obtained.

Other Prohibited Uses

Other prohibited uses of the Agency's communication systems include, but are not limited to:

1. Engaging in any communication that is discriminatory, defamatory, pornographic, obscene, racist, sexist, evidences religious bias, or is otherwise of a derogatory nature toward any specific person, or toward any race, nationality, gender, marital status, sexual orientation, religion, disability, physical characteristic, age group, or any other protected class;

2. Browsing or downloading and/or forwarding and/or printing pornographic, profane, discriminatory, threatening or otherwise offensive material from any source including, but not limited to, the Internet;

3. Engaging in any communication that is in violation of federal, state or local laws;

4. Proselytizing or promoting religious belief or tenet;

5. Campaigning for or against any candidate for political office or any ballot proposal or issue;

6. Sending, forwarding, redistributing or replying to "chain letters;"

7. Unauthorized use of passwords to gain access to another user's information or communications on the Agency's systems or elsewhere;

8. Advertising, solicitation or other commercial, non-programmatic use;

9. Knowingly introducing a computer virus into the Agency's communication system or otherwise knowingly causing damage to the Agency's systems;

10. Using the Agency's systems in a manner that interferes with normal business functions in any way, including but not limited to, intentionally streaming non-business related video from the Internet during business hours, continuous-feed stock tickers, or other programs, websites, or widgets that cause a decrease in the Agency's Internet bandwidth;

11. Excessive personal use of the Agency's technologies that preempts any business activity or interferes with organizational productivity;

12. Sending E-mail messages under an assumed name or obscuring the origin of an E-mail message sent or received.

Disciplinary Action for Violations

Failure to comply with the standards contained in this policy will render the violator subject to Policy 716 under the Agency's Personnel Policies and Procedures.

A Board member who violates this policy may be removed from the Board by majority vote.

Reporting of Suspected Violations

Suspected violations of these policies should be immediately and confidentially reported to your immediate supervisor. If you prefer not to discuss it with your supervisor, you may contact the Executive Director or the Board Chair.

The Agency reserves the right to install programs that monitor employee use of the Internet and electronic communication systems and to act on any violations of these policies found through use of such programs. The Agency further reserves the right to examine any and all electronic communications sent or received by employees via the Agency's electronic communications systems.

Purpose of Inventory

The purpose of conducting inventory practices is to establish property control and accountability in compliance with the Rules and Regulations as established by the Office of the State Comptroller and the Federal Government. Further, these practices establish a basis for projecting and budgeting property replacement associations, provide accountability for increased security against pilferage of vulnerable property, maximize property utilization and identification of assets which are excess or surplus, and establish a basis for projecting future budgets to support new or renovated facilities.

General Definitions

Capital Assets: Any depreciable piece of property or furniture with an original unit cost of $5,000.00 or greater, and a life expectancy of one or more years.

Non-capital – Major: Any depreciable and non-consumable piece of property or equipment with an original unit cost of at least $500, but less than $5,000.

Non-capital – Minor: Any non-depreciable and non-consumable piece of property or equipment with an original unit cost of less than $500.

Owner: While it is recognized with few exceptions that the title of all assets is held by Community Services of Northeast Texas Inc., regardless of federal interest, for the purpose of inventory control and accountability, "owner" shall be defined as the program which is in control of the item.

Adding items to the Capital Asset/Inventory List

When an item has been purchased for a unit cost of $50 but less than $5000, cannot be depreciated, and is non-consumable, the item must be added to that Program's inventory list.

When property and/or equipment has been purchased with a unit cost of $5,000 or more, has a useful life of one or more years, and can be depreciated, the item must be added to the Agency's Capital Asset List and the Program's inventory list.

Disposal of items on the Capital Asset/Inventory List

All disposition policies and procedures must be followed according to the funding source of the item.

UNDER NO CIRCUMSTANCES SHALL ASSETS (PROPERTY/SUPPLIES) UNDER COMMUNITY SERVICE'S JURISDICTION, LOCATED ON ANY CAMPUS OR AT ANY OF ITS LOCATIONS, AND INCLUDING OFFICES, BE PERMANENTLY REMOVED, SCRAPPED, DONATED, CANNABLIZED OR DESTROYED WITHOUT PRIOR WRITTEN APPROVAL FROM THE ADMINISTRATIVE OFFICE.

Cycle Inventory

To ensure that a program's request for additions, deletions or other changes to the inventory were properly recorded; it is necessary to make comparison between the revised Inventory report and the original that was previously supplied. After making the comparison, additions or changes to the inventory are made.

Maintenance of Inventory Records

Once the comparison is complete and all the necessary additions or change requests have been submitted, all information is forwarded to the Inventory Agent.

Property Security

It is the responsibility of each Program Director to convey the importance of building and room security to all members of the Program. Guidelines addressing room and assets security should be established and practiced within each Program location, incorporating the following essential elements:

• Maintaining adequate key control of areas within each Program

• Inventory record of keys

• Conducting periodic building surveys so that access to restricted areas is limited only to those who are authorized to use the area

• Purchasing special deterrents such as lockdown pads and alarm systems to secure valuable assets such as computers, small scientific devices

• If an item is stolen, call the Program Director immediately. The Program Director will then report this to the Service Department to follow-up on the report

Personal Property

All personal property should be registered with the Inventory Agent**.**

Transfer of Property

Transfer of Property Within Program Locations

Property may be transferred from one location to another location on a permanent basis. These transfers within the purchasing program are permitted, with the approval of the Program Director. Form 904 should be completed to denote the transfer of the property to a new location. The updated Form 904 should be submitted to the Inventory Agent.

Transfer of Property Between Programs

Each Funding source has regulations regarding the transfer of property between programs. These regulations are to be followed when assessing the transfer of property between programs. (This may include written permission from the funding source and may take an extended period of time.) Programs or individual staff, who are aware of and interested in obtaining such property, must obtain written approval from the Program Director and the Executive Director to process property transfers from one program to another. Support Services staff will <u>not</u> allow the transfer of assets from one program to another until they have written approval from the Program Director and the Executive Director.

Capital Assets Property

Standards and Procedures require CSNT to screen all proposed property purchases. These procedures must ensure that the property is placed in the Inventory Database System and on the Capital Assets List, if applicable. The Chief Financial Officer is responsible for ensuring this is handled properly.

Audits

Audits are conducted by designated personnel annually to assess the accuracy of inventory record information for each Program. The holdings of every Program are spot-checked throughout the course of the year through on-going monitoring and audit reports are immediately provided to each chairperson or director citing the results of such audits/monitorings. A physical audit, in the form of a cycle inventory, of all property is taken every two years with the results reconciled with the inventory records by the Inventory Agent and/or their designee. Division Directors are required to address discrepancies between inventory records and audit findings as reported.

As part of CSNT's Internal Controls, designated Service Department staff will periodically spot-check selected property items under $5,000 to verify their existence and condition.

If any inventory items cannot ultimately be located, they should be routinely reported to the Program Director as stolen or unaccountable. The Director will report this to the Services Manager. After an investigation, the Services Manager will report the theft, loss, or misuse of any/all assets to the Executive Director. In addition to submitting the report to the Executive Director, the Services Manager is also required to send a copy of the report to the Program Director.

For more information on Inventory, consult the Agency's Inventory Policies and Procedures.

GENERAL LEDGER AND CHART OF ACCOUNTS

The general ledger is defined as a group of accounts that supports the information shown in the major financial statements. The general ledger is used to accumulate all financial transactions of the Agency, and is supported by subsidiary ledgers that provide details for certain accounts in the general ledger. The general ledger is the foundation for the accumulation of data and reports.

Chart of Accounts Overview [top]

The chart of accounts is the framework for the general ledger system, and therefore the basis for the Agency's accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense and gain and loss account.

The Agency's chart of accounts is comprised of six types of accounts:

1. Assets
2. Liabilities
3. Net Assets
4. Revenues
5. Expenses
6. Gains and Losses

Each four digit account number is preceded by a two-digit grant code, a two-digit program/ administration code, and a three-digit location code.

Distribution of Chart of Accounts

All Agency employees involved with account coding responsibilities (assignment or review of coding) or budgetary responsibilities will be issued a current chart of accounts. As the chart of accounts is revised, an updated copy of the chart of accounts shall be distributed to these individuals promptly.

Control of Chart of Accounts

The Agency's chart of accounts is monitored and controlled by the Chief Financial Officer. Responsibilities include the handling of all account maintenance, such as additions and deletions. Any additions or deletions of accounts should be approved by the Chief Financial Officer, who ensures that the chart of accounts is consistent with the organizational structure of the Agency and meets the needs of each division and department.

Account Definitions

General Ledger

Account Range	Category	Definition
1000 - 1999	**Assets**	Assets are probable future economic benefits obtained or controlled by the Agency as a result of past transactions or events. Assets of the Agency are classified as current assets, fixed assets, contra-assets, and other assets.
		Current assets are assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash, temporary investments, and receivables that will be collected within one year of the statement of financial position date.
		Fixed assets are tangible assets with a useful life of more than one year that are acquired for use in the operation of the Agency and are not held for resale.
		Contra-assets are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivable
		Other assets include long-term assets that are assets acquired without the intention of disposing them in the near future. Some examples are security deposits, and long-term investments.
2000 – 2999	**Liabilities**	Liabilities are probable future sacrifices of economic benefits arising from present obligations of the Agency to transfer assets or provide services to other entities in the future as a result of past transactions or events.

Liabilities of the Agency are classified as current or long-term.

Account Definitions (Continued)

General Ledger
Account Range   Category   Definition

Current liabilities are probable sacrifices of economic benefits that will likely occur within one year of the date of the financial statements or which have a due date of one year or less. Common examples of current liabilities include accounts payable, accrued liabilities, short-term notes payable, and deferred revenue.

Long-Term Liabilities are probable sacrifices of economic benefits that will likely occur more than one year from the date of the financial statements. An example is the non-current portion of a mortgage loan.

3000 – 3999   **Net Assets**

Net Assets is the difference between total assets and total liabilities. See the next section for the Agency's policies on classifying net assets.

4000 – 4999   **Revenues**

Revenues are inflows or other enhancements of assets, or settlements of liabilities, from delivering or producing goods, rendering services, or other activities that constitute an Agency's ongoing major or central operations.

Revenues of the Agency also include grants received from government agencies, private foundations and corporations and contributions received from donors.

5000 - 9990   **Expenses**

Expenses are outflows or other encumbrance of assets or establishment of liabilities from delivered or produced goods, rendered services, or carrying out other activities

that constitute the Agency's ongoing major or central operations.

Account Definitions (Continued)

General Ledger
Account Range   Category   Definition

Gains and Losses

Gains are increases in net assets from peripheral or incidental transactions and from all other transactions and other events and circumstances affecting the Agency except those that result from revenues or contributions.

Losses are decreases in net assets from peripheral or incidental transactions and from all other transactions and other events and circumstances affecting the Agency except those that result from expenses.

Gains or losses occur when the Agency sells a fixed asset or writes off as worthless a fixed asset with remaining book value.

Individual Tracking

00000001 – 99999999   These numbers are used for tracking expenses by individual household. The number is generated by the client tracking software and entered into the accounting software.

Classification of Net Assets

Net assets of the Agency shall be classified based upon the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets - Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor imposed stipulations that may or will be satisfied through the actions of the Agency and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor imposed stipulations that the Agency permanently maintain certain contributed assets. Generally, donors of such assets permit the Agency to use all or part of the income

earned from permanently restricted net assets for general operations or for specific purposes.

Net assets accumulated by the Agency that are not subject to donor imposed restrictions, but which the Board of Directors of the Agency has earmarked for specific uses, shall be segregated in the accounting records as "Board-designated" funds within the unrestricted category of net assets.

Fiscal Year of Agency

The Agency shall operate on a fiscal year that begins on October 1st and ends on September 30th of each calendar year. Any changes to the fiscal year of the Agency must be ratified by majority vote of the Agency's Board of Directors.

Journal Entries

All general ledgers entries that do not originate from a subsidiary ledger shall be supported by journal vouchers or other documentation, which shall include a reasonable explanation of each such entry. Examples of such journal entries include:

1.   Recording of noncash transactions
2.   Corrections of posting errors
3.   Non-recurring accruals of income and expenses

Certain journal entries are recorded at year end. These entries may include, but are not limited to:
1.   Depreciation of fixed assets
2.   Amortization of prepaid expenses
3.   Accruals of recurring expenses
4.   Amortization of deferred revenue

Support for recurring journal entries shall be in the form of a schedule associated with the underlying asset or liability account or, in the form of a journal voucher.

It is the policy of the Agency that all non-routine adjusting journal entries not originating from subsidiary ledgers shall be authorized in writing by the Chief Financial Officer by initialing or signing the entries. If the non-routine adjusting journal entry is originated by the Chief Financial Officer it shall be approved by the Executive Director.

FINANCIAL MANAGEMENT POLICIES

BUDGETING

Overview

Budgeting is an integral part of managing any Agency in that it is concerned with the translation of organizational goals and objectives into financial and human resource terms. A budget should be designed and prepared to direct the most efficient and prudent use of the Agency's financial and human

resources. A budget is a management commitment of a plan for present and future organizational activities that will ensure survival. It provides an opportunity to examine the composition and viability of the Agency's programs and activities simultaneously in light of the available resources.

Preparation and Adoption

It is the policy of the Agency to prepare an annual budget on the accrual basis of accounting. To prepare the Agency budget, the Chief Financial Officer in conjunction with the Program Directors shall gather proposed budget information from all Department Directors and others with budgetary responsibilities and prepare the first draft of the budget. Budgets proposed and submitted by each department should be accompanied by a narrative explanation of the sources and uses of funds and explaining all material fluctuations in budgeted amounts from prior years and discuss said budgets with the Chief Financial Officer in their preparation of said budget.

After appropriate revisions and a compilation of all department budgets by the Chief Financial Officer, a draft of the Agency-wide budget, as well as individual department budgets, is presented to the Executive Director for discussion, revision, and initial approval.

The Agency overall budget shall be submitted to the Board of Directors for approval prior to the Agency's new fiscal year. Each program budget shall be submitted to the Finance Committee prior to the Program's year for approval. Additionally, the Head Start / Early Head Start budget will be submitted to the Policy Council for approval.

Monitoring Performance

It is the policy of the Agency to monitor its financial performance by comparing and analyzing actual results with budgeted results. This function shall be accomplished in conjunction with the monthly financial reporting process described earlier.

On a monthly basis, financial reports comparing actual, month-to-date and year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by the Chief Financial Officer and distributed to each employee with budgetary responsibilities. These individuals shall be responsible for responding with a written explanation of all budget variances in excess of five percent on a monthly basis. Additionally, these reports are submitted to the Finance Committee monthly and quarterly to the Board of Directors.

ANNUAL AUDIT

Role of the Independent Auditor

It is the policy of the Agency to arrange for an annual audit of the Agency's financial statements to be conducted by an independent accounting firm. The independent accounting firm selected by the Agency will be required to communicate directly with the Agency's Board upon the completion of their audit. In addition, members of the Board of Directors, the Executive Director and the Chief Financial Officer are authorized to initiate communication directly with the independent accounting firm upon completion of the audit.

Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the Board of Directors by the independent accounting firm at the Agency's Board meeting, after the financial statements have been reviewed and approved by the Finance Committee.

How Often to Review the Selection of the Auditor

The Agency's Finance Committee in conjunction with the Executive Director and the Chief Financial Officer shall review the selection of its independent auditor in the following circumstances:

1.   Anytime there is dissatisfaction with the service of the current firm
2.   When a fresh perspective and new ideas are desired
3.   Every 4 years to ensure competitive pricing and a high quality of service

Selecting an Auditor
The following factors shall be considered by the Agency and/or its Finance Committee in selecting an accounting firm:

1.   The firm's reputation in the non-profit community
2.   The depth of the firm's understanding of and experience with non-profit agencies and federal reporting requirements under 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Yellow Book and all governmental grant requirements of the Agency
3.   The firm's demonstrated ability to provide the services requested in a timely manner
4.   The ability of firm personnel to communicate with Agency personnel in an effective manner

The Agency will prepare and issue a written Request for Proposal (RFP) to be sent to prospective audit firms. The RFP process must be performed no less frequently than every four years. The following information shall be included:

1.   Period of services required
2.   Type of contract to be awarded (fixed fee, cost basis, etc.)
3.   Complete description of the services requested (audit, management letter, tax returns, etc.)
4.   Notice that the successful bidder shall prepare a draft of the audit report, to be provided to the Agency in electronic form prior to the finalization of the audit

5.   Notice that the successful bidder shall present the audit to the Finance Committee and/or the full Board of Directors at their next monthly meeting following completion of the audit (Identification of additional meetings requiring their attendance, if any)

6.   Financial information about the Agency

7.   Copy of prior year reports (financial statements, management letters, etc.)

8.   Notice that the audit is to be performed accordance with 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*

9.   Other information considered appropriate

10.   Description of proposal and format requirements

11.   Due date of proposals

12.   Overview of selection process (i.e. whether finalists will be interviewed, when a decision shall be made, etc.)

13.   Identification of criteria for selection

Minimum Proposal Requirements from prospective CPA firms shall be:

1.   Firm's auditing background

2.   Biographical information (resumes) of key firm member(s) who will serve the Agency

3.   Client references

4.   Information about the firm's capabilities

5.   Firm's approach to performing an audit

6.   Copy of the firm's most recent quality/peer review report, including any accompanying letter of findings

7.   Other resources available with the firm

8.   Expected timing and completion of the audit

9.   Expected delivery of reports

10.   Cost estimate including estimated number of hours per staff member

11.   Rate per hour for each auditor

12.   Other information as appropriate

The Finance Committee of the Board of Directors will narrow down the proposals to the top selections with the input of the Executive Director and the Chief Financial Officer.

Preparation for the Annual Audit

The Agency shall be actively involved in planning for and assisting with the Agency's independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the finance department shall provide assistance to the independent auditors in the following areas:

Planning - The Chief Financial Officer is responsible for delegating the assignments and responsibilities to accounting staff in preparation for the audit. Assignments shall be based on the list of requested schedules and information provided by the independent accounting firm.

Involvement - Agency staff will do as much work as possible in order to assist the auditors and, therefore, reduce the cost of the audit.

Interim Procedures - To facilitate the timely completion of the annual audit, the independent auditors may perform selected audit procedures prior to the Agency's year-end. By performing significant portions of audit work as of an interim date, the work required subsequent to year-end is reduced. Agency staff will provide requested schedules and documents and otherwise assist the auditors during any interim audit fieldwork.

Throughout the audit process, it shall be the policy of the Agency to make every effort to provide schedules, documents and information requested by the auditors in a timely manner.

Concluding the Audit

Upon receipt of a "DRAFT" of the audited financial statements of the Agency from its independent auditor, the Executive Director and the Chief Financial Officer shall perform a detailed review of the "DRAFT", consisting of the following procedures:

1. Carefully read the entire report for typographical errors
2. Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of the Agency
3. Review each footnote for accuracy and completeness
4. Review all supporting information for accuracy as defined above
5. Read and review all federal sections of the report for accuracy and understanding, as well as, responses required to any findings stated in the report

Any questions or errors noted as part of this review shall be communicated to the independent auditor in a timely manner and resolved to the satisfaction of the Chief Financial Officer and Executive Director.

It shall also be the responsibility of the Executive Director and Chief Financial Officer to review and respond in writing to all management letter or other internal control and compliance report findings and recommendations made by the independent auditor.

INSURANCE

Overview

It is fiscally prudent to have an active risk management program that includes a comprehensive insurance package. This will ensure the viability and continued operations of the Agency.

It is the policy of the Agency to maintain adequate general liability insurance, as well as coverage for buildings and contents.

The Executive Director is responsible to monitor these policies to assure that adequate coverage amounts are maintained. At least every two years, the Executive Director will select 2 to 3 Management Staff to form a committee. This committee will analyze the Risk Management policies and procedures for the Agency. This committee will also assure adequate insurance coverage amounts are maintained.

Coverage Guidelines

As a guideline, the Agency will arrange for the following types and levels of insurance as a minimum:

Type of Coverage	Amount of Coverage
Comprehensive Liability	$1,000,000
Automobiles for use by Employees	$1,000,000
Employee Theft	$500,000 per occurrence
Fire and Water Damage	Coverage for all items with acquisition cost greater than $1,000
Directors and Officers	$1,000,000 (with an appropriate deductible level)
Theft	Coverage for all items with acquisition cost greater than $1,000
Workers' Compensation	To the extent required by law

The Agency shall maintain a detailed listing of all insurance policies in effect. This listing shall include the following information at a minimum:

1.   Description (type of insurance)
2.   Coverage and deductibles
3.   Policy effective dates

POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS

REVENUE

Revenue Recognition Policies

The Agency receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements of the Agency in the following manner:

1. Federal Awards – Revenues from Federal Awards are recorded in the general ledger upon receipt. At Fiscal Year End (FYE) and Program Year End (PYE) an entry is made to Grants Receivable to ensure an accurate accounting of the award revenue.

2. State Pass-Through Grants – Revenues from State Pass-Through Grants are recorded in the general ledger upon on receipt. At Fiscal Year End (FYE) and Program Year End (PYE) an entry is made to Grants Receivable to ensure an accurate accounting of the award revenue.

3. State Awards – Currently the Agency does not receive any State awards.

4. Private Awards – Revenues from Private Awards are recorded in the general ledger upon receipt.

5. Private Grants – Revenues from Private Grants are recorded in the general ledger upon receipt.

6. Contributions and Donations

    a. Donations by participants/clients – Revenues received are recorded on the appropriate form required by the recipient program and recorded in the appropriate general ledger account and are recorded in the period in which it is received.

    b. In-kind donations – In-kind contributions and donations received are recorded in the general ledger separately from other revenue. Such contributions are posted to the appropriate benefitting program or grant. Such contributions are recorded in the period in which they are received.

    c. Sponsorships – Sponsorships received are recorded in the general ledger to the appropriate program or grant such Sponsorship is intended to benefit in the period in which it is received.

    d. Other Contributions and Donations – Other contributions and donations including those considered to be unrestricted funds will be recorded in the general ledger in one of the unrestricted fund categories and are recorded in the period in which it is received.

7. Fee-for-Service Income – Recognized as income when services are rendered unless collection of amounts due is in question. In this case, revenue is recognized when payments are received.

8. Interest income – monthly accrual based on when it was earned.

Immaterial categories of revenue may be recorded on the cash basis of accounting (i.e., recorded as revenue when received) as deemed appropriate by the Chief Financial Officer.

COST SHARING AND MATCHING (IN-KIND)
Overview

The Agency values contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or federal agency regulations identify specific values to be used.

The Agency shall claim contributions as meeting a cost sharing or matching requirement of a federal award only if all of the following criteria are met:

1. They are verifiable from Agency records.

2. They are not included as contributions (or match) for any other federally-assisted project or program.

3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.

4. They are allowable under the federal cost principles, 2 CFR Part 200 Subpart E, Cost Principles.

5. They are not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing or matching.

6. They are provided for in the approved budget when required by the federal awarding agency.

7. They conform to all provisions of federal administrative regulations, 2 CFR Part 200 Subpart D, Post Federal Awards Requirements.

8. In the case of donated space, (or donated use of space), the space is subject to an independent appraisal performed by a certified appraiser as defined by 2 CFR Part 200.306(i)I1) to establish its value.

Definitions

The following definitions shall apply with respect to the policies described in this section:

Contribution (Contribution by Participant) - An unconditional transfer of cash or other assets to the Agency, or a settlement or cancellation of the Agency's liabilities, in a voluntary nonreciprocal transfer by another entity acting other than as an owner.

Condition - A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promissory a right of return of the assets it has transferred to the Agency or releases the promissory from its obligation to transfer its assets.

Restriction - A donor-imposed stipulation that specifies a use for the contributed asset that is more specific than broad limits resulting from the nature of the Agency, the environment in which it operates, and the purposes specified in the Agency's articles of incorporation and bylaws. Restrictions on the Agency's use of an asset may be temporary or permanent.

Nonreciprocal Transfer - A transaction in which an entity incurs a liability or transfers assets to the Agency without directly receiving value from the Agency in exchange.

Promise to Give - A written or oral agreement to contribute cash or other assets to the Agency.

Exchange Transaction - A reciprocal transaction in which the Agency and another entity each receive and sacrifice something of approximately equal value.

Non Federal Share – That portion of any federal program's required expenditures not funded by a federal grant.

In-kind – Goods and services donated to the Agency for which the Agency does not pay, but instead, accounts for the value of said goods or services as Non Federal Share.

Accounting for Contributions

The Agency shall recognize contributed income or assets by donors or participants in the period in which the Agency receives them. Assets in nonreciprocal transfers from donors or participants shall be classified as increases in unrestricted, temporarily restricted, or permanently restricted net assets based on the existence or absence of such restrictions.

When the final time or use restriction associated with a contributed asset has been met, a reclassification between temporarily restricted and unrestricted net assets shall be recorded.

When the Agency receives support in the form of volunteer labor, the contribution income shall be recorded as GAAP asset entry if one of the following two criteria is met:

1. The contributed service creates or enhances a nonfinancial asset (such as a building or equipment), or

2. The contributed service possesses all three of the following characteristics:

    a. It is the type of service that would typically be purchased by the Agency if it had not been contributed,
    b. It requires specialized skills (i.e. formal training in a trade or profession), and
    c. It is provided by an individual possessing those specialized skills.

Contributed services that meet one of the two preceding criteria shall be recorded as GAAP In-Kind at the fair market value of the service rendered. However, all other volunteer hours are considered Non-GAAP In-Kind.

Examples of contributed services received and recorded as income by the Agency may include, but are not limited to:
- Volunteer Participation
- Consultants
- Supplies

- Medical services
- Field Trips
- Training
- Space

Receipts and Disclosures

The Agency and its donors are subject to certain disclosure and reporting requirements imposed under the Internal Revenue Code and the underlying Regulations. To comply with those rules, the Agency shall adhere to the following guidelines with respect to contributions received by the Agency.

For any separate contribution received by the Agency it shall provide a receipt to the donor. The receipt shall be prepared by the Agency. All receipts prepared by the Agency shall include the following information:

1. The amount of cash received and/or a description (but not an assessment of the value) of any noncash property received;

2. A statement of whether the Agency provided any goods or services to the donor in consideration, in whole or in part, for any of the cash or property received by the Agency from the donor, and

3. If any goods or services were provided to the donor by the Agency, a description and good faith estimate of the value of those goods or services.

When the Agency receives cash in excess of $75, or noncash property with a value in excess of $75, as part of a *quid pro quo* transaction, the Organization shall follow additional disclosure procedures. For purposes of this paragraph, a *quid pro quo* transaction is one in which the Agency receives cash or property in a transaction that is part contribution and part exchange transaction (i.e. the value of the goods or services provided to the donor by the Agency is less than the value of cash or property provided by the donor). In such instances, the Agency shall provide to the donor a receipt stating that only the amount contributed in excess of the fair market value of the goods or services provided by the Agency may be deducted as a charitable contribution. The receipt shall also include a good-faith estimate of the fair market value of the goods or services provided to the donor by the Agency.

IRS rules provide for certain exceptions to the preceding disclosure rules applicable to *quid pro quo* transactions. As such, the Agency shall not provide receipts when it receives cash or property in excess of $75 in any of the following circumstances:

1. The goods provided to the donor during a year bear the Agency name or logo and have an aggregate cost of $7.60 or less;

2. The goods provided to the donor in a year have a fair market value equal to no more than 2% of the contribution or $76, whichever is less; or

3.   The gift received by the Agency resulted from any fundraising appeal that included articles worth no more than $7.60 as adjusted by the Internal Revenue Service each year, as well as a request for contributions and a statement that the recipient may keep the article even if a contribution is not made.

The preceding thresholds are adjusted for inflation by the IRS on an annual basis. Inflation adjustments subsequent to 2002 are not incorporated into this policy manual by reference.

All estimates of the fair market value of goods or services provided by the Agency shall be approved by the Chief Financial Officer and the Executive Director.

It is the policy of the Agency to comply with all current federal and state rules regarding solicitation and collection of charitable contributions, whether specifically addressed in this manual or not, as well as all future revisions to those rules.

Head Start / Early Head Start In-kind Policy

Introduction

The following policies and procedures are intended to provide an overview of the in-kind activities of CSNT Head Start / Early Head Start. The primary purpose of the in-kind policies and procedures is to document how CSNT Head Start / Early Head Start is gathering and documenting in-kind in compliance with the requirements of the Head Start / Early Head Start Performance Standards and 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

These policies and procedures have been approved by the CSNT Governing Board and the CSNT Head Start / Early Head Start Policy Council. All CSNT Head Start / Early Head Start staff are to comply with these policies and procedures when gathering and documenting in-kind.

Grant Requirements

The CSNT Head Start / Early Head Start Grant requires that 20 percent of the total grantee budget be submitted as non-federal share. To wit: 20 percent of the total Head Start / Early Head Start Budget must come from donations made by the communities served by Head Start / Early Head Start. This non-federal share shall be met within following guiding principles:

- The goods or services are necessary, reasonable, allocable and allowable (2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*)

- The goods or services support an activity that is included in the program plan and covered by the Head Start / Early Head Start Program Performance Standards (45 CFR Chapter XIII)

- The goods or services are legally and appropriately allowable under a federal contract

- The goods or services are a normal and customary expenditure under a federal contract

- The services are performed by the donor for the program

- Cash becomes non-federal share when it is spent on an allowable program cost and is recorded as non-federal share when the goods or services are purchased and reported on a monthly in-kind report, not when the cash is received

- Any program income generated and approved for use by the program must be generated and used in the budget year during which it is generated and is not counted as non-federal share

- The goods or services were provided during the applicable program period

- Source documentation exists in sufficient detail to support the claim of the goods or services as non-federal share

- Services are valued similarly to the wages and benefits paid for a similar service performed by program or Agency staff

- Where no similar service function or job exists in the program or Agency, services are valued based on documented wage and benefits rates for similar services performed in the community at large

- Value lies in the service performed, not in the person performing the service

- Goods are valued at a rate consistent with their market value in the service area

- Discounts for goods or services are claimed only if those discounts are not available to the general public

- Valuations for donations of space are supported by up-to-date, written professional appraisals. In cases of less-than-arm's-length leases, no in-kind will be calculated or used for non-federal share

- Time spent by parents or other volunteers on fundraising is not claimed as non-federal share

- Funds used for non-federal share match in one program are not used for match in another program

- Except in special circumstances where allowed by the state, federal dollars cannot be used for match of other federal funds

In-Kind Responsibilities and Timing

CSNT Head Start / Early Head Start in-kind will be gathered on a monthly basis. All CSNT Head Start / Early Head Start employees are responsible for gathering in-kind. All acquired in-kind must be documented and submitted to the Finance General Support Staff. Each Campus Director is

responsible for totaling and submitting their campus in-kind to the Finance General Support Staff by the 1st and 3rd Friday of each month. All administrative in-kind will be collected by the appropriate staff and submitted to the Program Monitor by the 5th of each month.

The Executive Director, Head Start Director and Financial Director will be responsible for maintaining a current and accurate Real Estate Appraisal for all CSNT Head Start / Early Head Start properties. This document must include the listed property, actual square footage, monthly rental amount based on fair market value, actual monthly rental amount paid by CSNT Head Start / Early Head Start, and the in-kind difference. This document must be dated and signed by a real estate agent.

In-Kind Homework

The Education Specialist will provide the teaching staff with in-kind homework by the 30th of each month for the following month. The homework will coincide with the monthly curriculum as well as be age appropriate. It is the teacher's responsibility to get the homework to the parents. It is also the teacher's responsibility to give the parent instructions on how to complete homework as well as the volunteer timesheet in the correct way in order for it to be counted as in-kind. Any additional in-kind homework the campus staff would like to use should be presented to the Education Specialist for approval before being sent home with the child as in-kind homework. All in-kind homework must be turned in along with other campus in-kind by the 5th of each month. Homework should include a complete and signed volunteer timesheet with corresponding homework attached to the back of timesheet. All volunteer timesheets must be complete with time, services performed, totals and signatures in order to be counted.

In-Kind Monitoring

Each Campus Director will be responsible for monitoring the amount of in-kind collected for their campus. It is the Campus Director responsibility to make sure all in-kind submitted to the Accounting Clerk has the signed correct forms with the corresponding documentation attached. Any in-kind submitted to Accounting Clerk with missing information, signatures or is unexplainable will be sent back to the campus for correction.

In-Kind Reviews

Monthly In-kind Reports will be reviewed periodically as a part of the ongoing monitoring of the CSNT Head Start / Early Head Start Program. Policy Council Budget Reports will also be reviewed on a regular basis as a part of the monitoring/tracking process. Campus In-kind Reports will be tracked by the Program Monitor
 and submitted to the Head Start Director by the 10th of each month.

The results of reviews will be discussed openly with staff when a finding has been documented. The resolution of any findings will be considered a joint effort between the campus staff and administrative staff. All findings should be corrected within 45 days of the original notification unless otherwise documented.

In-Kind Forms

Approved forms are to be used when documenting and tracking in-kind. Completed forms should accompany all submitted in-kind. Any in-kind questions should be directed to the Program Monitor through the Campus Director.

CASH RECEIPTS

Overview

Due to the liquid nature of Cash Receipts (including checks payable to the Agency), it is the objective of the Agency to establish and follow the strongest possible Internal Controls. The Internal Controls Path will be notated by the responsible party, or Internal Control Employee (ICE) and their numerical designation, based on the number of employees required to deliver the highest level of Internal Controls.

In order to maintain adequate segregation of duties, staff not normally involved in accounting procedures such as assistants, a receptionist, or program director may be assigned incoming cash-handling tasks such as daily mail receipts.

The following is the internal control procedure for cash handling within the Agency. This particular procedure requires five ICE employees:

1. Two individuals, ICE 1 and ICE 2, receive incoming funds together and, in the presence of one another, create a permanent record of the funds received by documenting the receipt in a the maillog.
2. Someone other than the person(s) involved in Step 1, ICE 3, prepares a deposit slip.
3. ICE 4 takes the deposit to the bank to be credited to the proper bank account.
4. Someone other than the person(s) in Steps 1 through 3, ICE 5, will compare the list prepared in Step 1 to the bank deposit records to verify that all funds were properly deposited.
5. When necessary, receipts are entered into the accounts receivable records by the ICE 3 and approved by ICE 4.
6. Posting of any subsequent write-off or write-down of accounts receivable may only be done by someone who does not have access to incoming funds. Such action requires proper review and approval.
7. Reconciliations of anticipated revenue with actual recorded revenue are performed by individuals who do not have access to incoming funds, typically ICE 4.

Processing of Checks and Cash Received in the Mail

Mail is retrieved from the Post Office Box. (ICE 1) Mail is opened by designated staff (ICE 2) and a listing of cash/checks received shall be prepared in an open area, with another employee (ICE 1) present at the opening of envelopes that may potentially contain cash, checks, or negotiable instruments. The mail shall be recorded in the Mail Log. (ICE 2) All cash, checks, or negotiable instruments received via US Mail, or any other method of delivery, shall be photocopied, a date-stamp applied to the photocopy, and delivered (ICE 1) (with date-stamped photocopy) to the Finance Department (ICE 3) to be restrictively endorsed.

Endorsement of Checks

The restrictive endorsement shall be a rubber stamp that includes the following information:

1.   For Deposit Only
2.   Community Services of Northeast Texas, Inc.
3.   A space for the bank account number of the proper account

A deposit slip is prepared by the Assistant Finance Director (ICE 3) from the cash/checks/instruments received, and enters the information into the Program Activity Log. The Chief Financial Officer (ICE 4) verifies the Program Activity Log. Deposits are then taken to the bank by an individual named by the Chief Financial Officer. Different employees complete this task so that no one employee makes bank deposits consistently.

Timeliness of Bank Deposits

Bank deposits will be made on a daily basis, unless the cumulative total amount received for deposit is less than $500, or the proper account for the deposit is in question due to its nature. Once the cumulative amount received exceeds $500, and/or the proper account has been established, a deposit will be made. Regardless of the cumulative total of receipts, a deposit will be made weekly.

Reconciliation of Deposits

On a periodic basis, the Chief Financial Officer (ICE 4), and/or a non-Finance employee (ICE 5) reconcile the listings of receipts to bank deposits reflected on the monthly bank statement. Any discrepancies shall be immediately investigated.

GRANTS / RECEIVABLE MANAGEMENT

Monitoring and Reconciliations

The Agency records grants receivable and income as it is earned and billed during the grant year. The Chief Financial Officer is responsible for monitoring budget-to-actual expenditures throughout the grant year, and will meet semi-monthly with the Program Director and the Executive Director to discuss grant fiscal results.

ACCOUNTS RECEIVABLE MANAGEMENT

Monitoring and Reconciliations

On a monthly basis, a detailed accounts receivable report is generated and reconciled to the general ledger by the finance department. All differences are immediately investigated and resolved, and the reconciliation is reviewed by the Chief Financial Officer.

Credits and Other Adjustments to Accounts Receivable

From time to time, credit against accounts receivable from transactions other than payments and bad debt will occur. Examples of other credits include returned products and adjustments for billing errors. An employee who is independent of the cash receipts function will process credits and adjustments to Accounts Receivable, and all credits shall be authorized by the Chief Financial Officer.

Notes: Bad debt write-off are not allowable costs for federal grants.

POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS

COST PRINCIPLES

All purchases, expenditures, and/or disbursements will be conducted under the principles that each will be allowable, allocable, and reasonable.

PURCHASING POLICIES AND PROCEDURES

Overview

The policies described in this section apply to all purchases made by the Agency.

The Agency requires the practice of ethical, responsible, and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The policies in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities.

The goal of these procurement policies is to ensure that materials and services are obtained in an effective manner and in compliance with the provisions of applicable federal statutes and grant requirements.

Responsibility for Purchasing

All Department Directors shall have the authority to initiate purchases on behalf of their department, within the guidelines described herein. In addition, Department Directors may delegate purchasing authority to responsible individuals within their department. Department Directors shall inform the Finance Department of all individuals that may initiate purchases or prepare Purchase Requisitions.

Persons initiating Purchase Requisitions are responsible for acquiring the necessary approvals to begin the purchase process. Once all approvals are obtained (Division Director, Chief Financial Officer, Executive Director, or any official designee of each of these) the purchase may be completed.

The person completing the purchase is responsible for adherence to all policies including cost principles, procurement, and inventory requirements.

Non-Discrimination Policy

All contractors who are recipients of Agency's funds, or who propose to perform any work or furnish any goods under agreements with the Agency, shall agree to these principles:

1. Contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the contractors.

2. Contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause. Notices, advertisements, and solicitations placed in accordance with Federal law, rule or regulation shall be deemed sufficient for meeting the intent of this section.

Code of Conduct in Purchasing

Pursuant to 2 CFR Part 200.318 (c)(1);

Ethical conduct in managing the Agency's purchasing activities is expected. Staff are mindful that they represent the Board of Directors and share a professional trust with other staff and the general membership.

Staff shall discourage the offer of, and decline, individual gifts or gratuities of value in any way that might influence the purchase of supplies, equipment, and/or services. Staff shall notify their immediate supervisor if they are offered such gifts.

No officer, Board member, employee, or agent of the Agency shall participate in the selection or administration of a contractor if a real or apparent conflict of interest would be involved. Such a conflict would arise if an officer, Board member, employee or agent, or any member of his/her immediate family, his/her spouse/partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the contractor selected.

Officers, Board members, employees and agents of Community Services of Northeast Texas, Inc. shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to sub-agreements. However, unsolicited gifts of a nominal value of $25 or less may be accepted with the approval of the Executive Director.

Use of Purchase Requisitions

It is the policy of the Agency to utilize a Purchase Requisition system. A properly completed Requisition (Agency **FORM** 101) shall be required for each purchase decision, including disbursements which may also require the preparation of separate forms described elsewhere in this manual.

Authorizations and Purchasing Limits

All completed Purchase Requisitions must be signed by the preparer and approved by the appropriate Department Director(s), Chief Financial Officer, and Executive Director.

Contract Authority

All contracts, agreements, memorandae of understanding, and renewals of same, between the Agency and outside parties must be approved by the Executive Director. Only the Executive Director may legally bind the Agency, and thus is the only employee who is authorized to enter into any contract, agreement, or memorandum of understanding on behalf of the Agency.

Competition

Pursuant to 2 CFR Part 200.319;

In order to promote open and full competition, purchasers will:

• Be alert to any internal potential conflicts of interest.
• Be alert to any noncompetitive practices among contractors that may restrict, eliminate, or restrain trade.
• Not permit contractors who develop specifications, requirements, or proposals to bid on such procurements.
• Award contracts to bidders whose product or service is most advantageous in terms of price, quality, and other factors.
• Issue solicitations that clearly set forth all requirements to be evaluated.
• Reserve the right to reject any and all bids when it is in the Organization's best interest.
• Not give preference to state or local geographical areas unless such preference is mandated by Federal statute. (200.319(b))
• "Name brand or equivalent" description may be used as a means to define the performance or requirements (200.319(c)(1))

PROCUREMENT POLICIES [top]

Cost Analysis

Every purchase made by the Agency requires a cost analysis. At times, such as a purchase of a single item costing a minimal amount, this analysis can be as simple as using good judgement about the reasonable cost of an item. A minimal amount would be characterized as an item costing less than five dollars and a minimal purchase would be characterized as an order of three or less of said item.

The cost principle of allowability, allocability, and reasonableness should be used in each cost analysis. As the unit cost of the item rises, so does the complexity and depth of the cost analysis.

An in-depth, written cost analysis is required for purchases with a unit cost over $25,000.

Thresholds and Triggers

$5	Minimal Purchase
Under $25	Can be purchased from petty cash
Over $50	Requires Price Quote Form
Over $50	Requires Inventory Tag (unless item is consumable)
Over $50, less than $500	Considered Minor Equipment
Over $500, less than $5,000	Considered Major Equipment
Over $5,000	Requires written bid from contractor
Over $5,000	Requires funding source approval

Over $5,000   Considered Capitalized Equipment
Over $25,000   Requires Sealed Bid Process

Required Requests For Proposals from Contractors

Purchases in excess of $50 require the completion of a Price Quote Form. The completed Price Quote Form is to be attached to a completed requisition and submitted for approval.

Purchases where the cost of labor, services, annual lease, or the price of a single item exceeds $5,000, the Agency shall receive written quotations and/or proposals from at least three (3) contractors. After selecting which contractor should obtain the contract, and prior to awarding said contract, the Agency shall secure written approval of the purchase from the prevailing funding source and any other funder which shall hold an interest in the purchase.

Purchase decisions exceeding $25,000 for labor, equipment, supplies or services purchased, leased or contracted for shall be made only after receiving written bids from at least three (3) contractors. Recommendations shall be based on consideration of all applicable criteria as described under "Evaluation of Alternative Contractors" below, plus funding source approval, where required. Sealed bids shall be utilized when required by a Federal awarding Agency, and/or when the decision will be based primarily on price.

Requests For Proposals (RFP) should include the following:

1.   A clear and accurate description of the requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features, which unduly restrict competition.

2.   Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals (see the next section entitled "Evaluation of Alternative Contractors" for required criteria)

3.   A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.

4.   The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitations.

5.   The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.

6.   Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.

7. A description of the proper format, if any, in which proposals must be submitted, including the name of the Community Services of Northeast Texas, Inc. person to whom proposals should be sent.

8. The date by which proposals are due.

9. Required delivery or performance dates/schedules.

10. Clear indications of the quantity (ies) requested and unit(s) of measure.

Record-Keeping Associated with Independent Contractors

The Agency shall obtain a completed Form W-9 or equivalent substitute documentation from all contractors to whom 1099-qualifying payments are made. A record shall be maintained of all contractors to whom a Form 1099 is required to be issued at year-end. Payments to such contractors shall be accumulated over the course of a calendar year.

Extensions of Due Dates and Receipt of Late Proposals

Solicitations should provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, in the event that a prospective offeror requests an extension to a due date specified in a solicitation, and such an extension is both justified and compatible with the requirements of the Agency, an extension may be granted by the purchasing representative.

Contractor proposals are considered late if received after the due date and time specified in the solicitation. All such late proposals shall be marked "Late Proposal" on the outside of the envelope and retained, unopened, in the procurement folder. Contractors that submit late proposals shall be sent a letter notifying them that their proposal was late and could not be considered for award.

Evaluation of Alternative Contractors

Alternative contractors shall be evaluated on a weighted scale that considers the following criteria:

1. Adequacy of the proposed methodology of the contractor
2. Skill and experience of key personnel
3. Demonstrated company experience
4. Other technical specifications as designated by proposal request
5. Compliance with administrative requirements of the request for proposal
6. Contractor's financial stability
7. Contractor's demonstrated commitment to the nonprofit sector
8. Results of communications with references supplied by contractor

9.   Ability to meet time deadlines

10.   Cost

11.   Historically Underutilized Business status of contractor

12.   Other criteria as specified by proposal request

Not all of the preceding criteria may apply in each purchasing scenario. However, in each situation requiring consideration of alternative contractors, the department responsible for the purchase shall establish the relative importance of each criterion prior to requesting proposals and shall evaluate each proposal on the basis of the criteria and weighting that have been determined.

Affirmative Consideration of Minority, Small Business and Women-Owned Businesses

Positive efforts shall be made by the Agency. to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible. The following steps shall be taken in furtherance of this goal:

1.   Ensure that small business, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.

2.   Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms and women's business enterprises.

3.   Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms and women's business enterprises.

4.   Encourage contracting with consortiums of small businesses, minority owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually.

5.   Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the minority-owned firms and women's business enterprises.

Special Purchasing Conditions

The following special purchasing conditions require documentation showing the condition was met.

Emergencies:
Where equipment, materials, parts, and/or services are needed, quotations will not be necessary if the health, welfare, and safety of staff and protection of Agency property is involved.

Single Source:
Where there is only one (1) distributor/contractor for merchandise/services needed and no other product meets the stated needs or specifications, quotations will not be necessary.

Federally-Funded Programs:
Purchases that will be charged to programs funded with federal awards are subject to additional policies.

Contractor Files and Required Documentation

The Finance Department shall create a contractor folder for each new contractor from whom the Agency purchases goods and/or services.

Prior to paying the first invoice from a new 1099-qualifying contractor, a completed W-9 or substitute documentation must be received in the Finance Department. Completed, signed Forms W-9 or substitute documentation are filed alphabetically.

See the section on "Payroll and Related Policies" for guidance on determining whether a contractor should be treated as an employee.

Receipt and Acceptance of Goods

All goods shall be received at each location by the location supervisor, or designated employee, or at the Executive Office by an Internal Control Employee who shall inspect all goods received. Upon receipt of any item from a contractor, the following actions shall immediately be taken:

1.   Review bill of lading for correct delivery point,
2.   Verify the quantity of boxes/containers with the bill of lading,
3.   Examine boxes/containers for exterior damage,
4.   Note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.),
5.   Sign and date the bill of lading, and
6.   Retain a copy of the bill of lading.

When goods are moved to another area for thorough inspection the following inspection procedures shall be performed:

1.   Remove the packing slip from each box/container,
2.   Compare the description and quantity of goods per the Purchase Requisition to the packing slip,
3.   Examine goods for physical damage,
4.   Count or weigh items, if appropriate, and
5.   Record an indication of counts on the Purchase Requisition.

It is the policy of the Agency to perform the preceding inspection procedures in a timely manner in order to facilitate prompt return of goods and/or communication with contractors.

Petty Cash Policies

Petty Cash funds will be created only with the approval of a Division Director, the Chief Financial Officer, and Executive Director. All three must approve the creation of a Petty Cash Fund.

Petty Cash Funds cannot exceed $25.00, except as otherwise allowed by policy herein.

When a Petty Cash Fund is created, the Petty Cash Custodian will be provided a summary of the Community Services of Northeast Texas, Inc. Petty Cash Policies for the care of the fund.   The Petty Cash Custodian will also be asked to acknowledge receipt of the fund and their understanding of the policies governing Petty Cash.

The fund is to be stored in a locked and secure place. Where possible, such location should be within the field of view of one of the Agency's security video cameras.

The Petty Cash Fund is only to be used for authorized purchases or reimbursements to employees for authorized purchases of $25.00 or less with the presentation of an original store receipt.

Original store receipts are required for the replenishment of the Petty Cash Fund. All reimbursements are to be properly documented with the following:

  • A Petty Cash voucher showing the nature of each expenditure

  • Original receipts for the purchase that support the voucher

Reimbursements in excess of $25.00 are completed by submitting a Requisition to the Finance Department with the original receipt, justification and/or authorization attached.

Cashing of personal checks from the Petty Cash Fund is prohibited.

Employee advances from the Petty Cash Fund is prohibited.

At any time, cash on hand and all receipts should be equal to the original amount of the Petty Cash Fund issued.

In special circumstances, the Executive Director may approve a larger Petty Cash fund for a particular location, but in no instance shall any Petty Cash fund exceed $100.00.

Petty Cash Funds may be monitored at any time as part of the Agency's ongoing monitoring and compliance process.

Replenishment of a Petty Cash Fund shall be accomplished by the issuance of an Agency check made payable to the individual responsible, and shall include in the payee line, the title "Petty Cash Custodian" as to establish the check is not part of the individual's compensation.

POLITICAL INTERVENTION

Prohibited Expenditures

Consistent with its tax-exempt status under the Internal Revenue Code, it is the policy of the Agency not to incur any expenditure for political activity, including, but not limited to:

1. Contributions to political action committees,
2. Contributions to the campaigns of individual candidates for public office,
3. Contributions to political parties,
4. Expenditures to produce printed materials (including materials included in periodicals) that support or oppose candidates for public office,
5. Expenditures for the placement of political advertisements in periodicals.

Endorsements of Candidates

It is the policy of the Agency not to endorse any candidates for public office in any manner, either verbally or in writing. This policy extends to the actions of management and other representatives of the Agency, when these individuals are acting on behalf of, or are otherwise, representing the Agency.

Prohibited Use of Agency Assets and Resources

No assets or human resources of the Agency shall be utilized for political activities as defined above. This prohibition extends to the use of Agency assets or human resources in support of political activities that are engaged in personally by Board members, members of management, employees, or any other representatives of the Agency. While there is no prohibition against these individuals engaging in political activities personally (on their own time, and without representing that they are acting on behalf of the Agency), these individuals must at all times be aware that Agency resources cannot at any time be utilized in support of political activities.

ACCOUNTS PAYABLE MANAGEMENT

Overview

The Agency strives to maintain efficient business practices and good cost control. A well managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and check reconciliation.

The recording of assets or expenses and the related liability is performed by an employee independent of ordering and receiving. The amounts recorded are based on the contractor invoice for the related

goods or services. The contractor invoice shall be supported by an approved Purchase Requisition where necessary, and shall be reviewed and approved by the appropriate Department Director(s), Chief Financial Officer, and Executive Director prior to being processed for payment. Invoices and related general ledger account distribution codes are reviewed prior to posting to the subsidiary system.

The primary objective for accounts payable and cash disbursements is to ensure:

1. Disbursements are properly authorized
2. Invoices are processed in a timely manner
3. Contractor credit terms and operating cash are managed for maximum benefits

Recording of Accounts Payable

All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable in a timely manner.

Accounts payable are processed on a daily basis. Information is entered into the system from approved invoices or disbursement vouchers with appropriate documentation attached.

Only original invoices will be processed for payment. In the case of lost invoices, copies of invoices may be used only when such invoices have been verified as unpaid by researching the contractor records. No contractor-provided statements shall be used as the sole document to process payments for invoices.

Accounts Payable Classification

Expenses and encumbrances shall be classified and posted in the month for which the program received the benefit of said purchase. For purposes of the preparation of the Agency's monthly financial statements, a suspension date is used to determine which invoices will require subsequent classification and posting in the event a contractor is late in providing required documentation. The generally accepted suspension date is the tenth (10th) day of the month, with adjustments allowed based on reasonable factors.

Establishment of Control Devices

A Chain of Custody Control of invoices is established by the appropriate Internal Control Employee as soon as invoices are received. Upon receipt of invoices, each invoice shall be recorded on a log of invoices received, "date received" stamped, and distributed to the Finance Department. Upon receipt, the Accounts Clerk shall stamp invoices with date and time received, prepare check requests, and log all check requests with amounts prior to distributing to the appropriate authorizing supervisors. The log is reviewed prior to each check run to determine which, if any, invoices have not been returned to the finance department.

Preparation of a Voucher Package

Prior to any account payable being submitted for payment, a package called a "voucher package" shall be assembled. Each voucher package shall contain the following documents:

1. Contractor invoice (or employee expense report)
2. Packing slip (where appropriate)
3. Receiving report (or other indication of receipt of merchandise and authorization of acceptance)
4. Purchase Requisition (when required)
5. Any other supporting documentation deemed appropriate

Processing of Voucher Packages

The following procedures shall be applied to each voucher package by the Finance Department:

1. Check the mathematical accuracy of the contractor invoice.
2. Compare the nature, quantity and prices of all items ordered per the contractor invoice to the Purchase Requisition, packing slip and receiving report
3. Document the general ledger distribution, using the Agency's current chart of accounts
4. Properly allocate among funding sources referring to Agency's current cost allocation plan.
5. Obtain the review and approval of the Department Director (or their designee) associated with the goods or services purchased

Payment Discounts

To the extent practical, it is the policy of the Agency to take advantage of all prompt payment discounts offered by contractors. When availability of such discounts is noted, and all required documentation in support of payment is available, payments will be scheduled so as to take full advantage of the discounts.

Employee Expense Reports

Reimbursements for travel expenses, or other approved costs will be made only upon the receipt of a properly approved and completed expense reimbursement form. All receipts must be attached, and a brief description of the business purpose of trip or meeting must be noted on the form. Expense reports will be processed for payment in the next contractor payment cycle if received within two business days of the deadline.

Reconciliation of A/P Subsidiary Ledger to General Ledger

At the end of each monthly accounting period, the total amount due to contractors per the accounts payable subsidiary ledger shall be reconciled to the total per the accounts payable general ledger account (control account). All differences are investigated and adjustments are made as necessary. The reconciliation and the results of the investigation of differences are reviewed and approved by the Chief Financial Officer.

Also on a monthly basis, the Accounting Clerk shall perform the following procedures:

1. Check all statements received for unprocessed invoices
2. Check the Purchase Requisition/Order file for open purchase orders that are more than 60 days old and follow up

CREDIT AND DEBIT CARD POLICY

Storage of Debit and Credit Cards

It is the policy of the Agency to store debit and credit cards in a locked box in the Executive Director's office. Access to this box is limited. Only the Executive Director, Human Resources Director, and Service Manager have access to the box.

Preparation of a Debit/Credit Authorization Voucher

Some purchasing situations require use of a credit card. When use of a credit card is deemed necessary for a purchase, a requisition and debit/credit authorization voucher must be completed. The requisition shows the reason and amount of the purchase. The debit/credit authorization shows the amount of the purchase and the manner in which it will be completed.

Obtaining a Debit/Credit card for use

Once all approving signatures have been obtained on the requisition and debit/credit authorization voucher, the approved documentation is presented to the Human Resources Director. The Human Resources Director will obtain the initials and date of the individual requesting the card. The card will not be issued for longer than twenty-four hours. A placeholder card with the receiving individual's name shall be placed in the location left void by the issuance of the card until such time as the card is returned. The placeholder card shall then be removed.

Returning Debit/Credit card

After use, the card is to be returned to the Human Resources Director. Original receipts from purchases made with the debit card are to be given to the Assistant Finance Director.

TRAVEL POLICY

Purpose

Community Services of Northeast Texas, Inc. (CSNT) (Agency) recognizes Board Members, Officers, and employees of the Agency may be required to travel or incur other expenses from time to time to conduct Agency business and to further the mission of this Community Action Agency.

The purpose of this policy is to ensure that adequate cost controls are in place, travel and other expenditures are appropriate, and to provide a uniform and consistent approach for the timely reimbursement of authorized expenses.

It is the policy of CSNT to reimburse only reasonable and necessary expenses actually incurred by Board Members, Officers and/or employees. Employee travel and the expenses associated with said activities shall be authorized only in circumstances, which are clearly consistent with the Agency's mission. Travel should be via the most reasonable and cost-effective alternative, consistent with good business practices.   Neither luxury, nor sub-standard modes of transportation and accommodations shall be used.

Employees who are uncertain about a particular expense or policy will need to contact the supervisor prior to the expenditure. Those traveling are reminded to exercise good business judgment and discretion with respect to incurred expenses. Reported expenses must be supported by appropriate documentation.

Necessity of Travel

Travel must be reasonable and/or necessary to be considered allowable. Employees shall consider the ways in which the Agency will benefit from the travel and weigh those benefits against the anticipated costs of the travel. The same considerations shall be taken into account in deciding whether a particular individual's participation is necessary. In determining whether the benefits to CSNT outweigh the costs, less expensive alternatives, such as participation by telephone or video conferencing, or the availability of local programs or training opportunities, shall be considered.

Instances of travel should be as a result of one of the following situations:

- Attendance is required by a funding source
- Attendance is part of a planned, approved, and budgeted training schedule
- Attendance is part of an employee's Agency-approved fulfillment of responsibilities as an Officer or Board Member of a county, regional, state, or national association
- Attendance is required in order to facilitate an approved task within an employee's job description which cannot be completed by other means
- Attendance has been deemed necessary by the Executive Director as a prudent measure in the fulfillment of the Agency's mission

Request/Authorization to Travel

Travel plans must be pre-approved.

The requesting employee is required to complete the approved travel request form(s) and submit the completed form(s) to their supervisor.

Supervisors will assess the request and its conformity with the Agency's Necessity of Travel statement and other factors to determine if the travel meets the needs of the program. If approved, the completed and signed form shall be forwarded to the appropriate Division Director(s).

Division Directors will also assess the request to ensure the request meets with all program concerns, including necessity, feasibility, allowed activities, budget conformity, and other factors. Once approved, the form(s) shall be forwarded to the Executive Assistant who will ensure all transportation needs are completed following strict procedural guidelines with respect to lodging and/or airfare bids and other transportation expenses.

The *Continued Service Agreement* form shall be signed prior to the release of any funds for the requested travel.

Once all Agency-approved travel forms are signed, the travel package shall be forwarded to the Chief Financial Officer who will assess the request to ensure that adequate budgeted funds are, or will be, available from all affected programs to meet the financial responsibility created by the travel. Once approved, the form(s) shall be forwarded to the Executive Director.

The Executive Director shall assess the request, weighing all presented factors, including compliance with state and federal regulations, to ensure the request is in the best interest of the Agency. The request shall be analyzed to avoid unnecessary expenses.

CASH DISBURSEMENTS (CHECK-WRITING) POLICIES

Check Preparation

It is the policy of the Agency to print contractor checks and expense reimbursement checks on a weekly or as needed basis. Checks shall be prepared by persons independent of those who initiate or approve expenditures, as well as those who are authorized check signers.

All contractor and expense reimbursement checks shall be produced according to the following policies:

1. Expenditures must be reasonable, allowable, and allocable in accordance with 2 CFR Part 200, and any other relevant federal or state statutes.

2. Expenditures must be supported in conformity with the purchasing, accounts payable, and travel policies described herein.

3. Where possible, the Finance Department will take advantage of any early-payment discounts offered by contractors.

4. Where possible, all contractors shall be paid within 30 days of submitting a proper invoice. Proof of delivery of the requested goods or services is required.

5.   Cash requirements associated with each disbursement shall be verified prior to the preparation of checks.

6.   Supporting documentation required to substantiate each expenditure shall be attached to the corresponding check prior to forwarding the entire package to an authorized check signer.

7.   Checks shall be utilized in numerical order. Safeguards are in place to prevent the intentional or unintentional utilization of a check out of numerical order.

8.   Unused checks are stored in a locked, secure, fire-resistant, location within the Finance Department.

9.   Checks shall not be made payable to "bearer" or "cash."

10.   Checks shall not be signed prior to being prepared.

11.   The Internal Control Employee who prepares checks for mailing shall mark invoices and other supporting documentation with a "paid" designation in order to prevent duplicate payments.

Check Signing

Checks require two signatures. The two required signatures shall be those of either two authorized Board members or one authorized Board member and the Executive Director. The Board shall determine which Board members are authorized signers, and on which accounts they are authorized to sign. No checks shall be signed prior to the check being completed in its entirety (no signing of blank checks). With the exception of payroll checks created by the Agency's third-party payroll contractor, no signatures other than hand-written, original signatures shall be affixed to any Agency check.

Check signers should examine all original supporting documentation to ensure that each item has been properly checked prior to signing a check. Checks should not be signed if supporting documentation appears to be missing or there are any questions about a disbursement.

Mailing of Checks

After signature, checks are processed for immediate mailing. This task shall be performed by an individual (Internal Control Employee) who has not authorized the expenditures being paid nor been involved in the preparation of said checks.

Voided Checks and Stop Payments

Checks may be voided due to processing errors by making proper notations in the check register and defacing the check by clearly marking it as "VOID," and by removing and destroying the signature area of the check. All voided checks shall be retained to aid in preparation of bank reconciliations.

Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed on-line through the bank's online banking system by accounting personnel with this authority.

PAYROLL AND RELATED POLICIES

Classification of Workers as Independent Contractors or Employees

It is the policy of the Agency to consider all relevant facts and circumstances regarding the relationship between the Agency and the individual in making determinations about the classification of workers as independent contractors or employees. This determination is based on the degree of control and independence associated with the relationship between the Agency and the individual. Facts that provide evidence of the degree of control and independence fall into three categories:

1. Behavioral control
2. Financial control
3. The type of relationship of the parties

Facts associated with each of these categories that will be considered by the Agency in making employee/contractor determinations shall include:

1. Behavioral control:
   a. Instructions given by the Agency to the worker that indicate control over the worker (establishing an employee/employer relationship), such as:
      (1) When and where to work
      (2) What tools or equipment to use
      (3) What workers to hire or to assist with the work
      (4) Where to purchase supplies and services
      (5) What work must be performed by a specified individual
      (6) What order or sequence to follow
   b. Training provided by the Agency to the worker (i.e. employees typically are trained by their employer, whereas contractors typically provide their own training)

2. Financial control:
   a. The extent to which the worker has unreimbursed business expenses (i.e. employees are more likely to be fully reimbursed for their expenses than is a contractor)
   b. The extent of the worker's investment in the facilities/assets used in performing services for the Agency (greater investment associated with contractors)
   c. The extent to which the worker makes services available to the relevant market
   d. How the Agency pays the worker (i.e. guaranteed regular wage for employees vs. flat fee paid to some contractors)
   e. The extent to which the worker can realize a profit or loss

3. Type of Relationship:

   a. Written contracts describing the relationship the Agency and the individual intend to create,
   b. Whether the Agency provides the worker with employee-type benefits, such as insurance or any type of paid leave
   c. The regularity and length of the relationship
   d. The extent to which services performed by the worker are a key aspect of the regular business of the Agency

If an individual qualifies for independent contractor status, the individual will be sent a Form 1099 if total compensation paid to that individual for any calendar year, on the cash basis, is $600 or more. The amount reported on a Form 1099 is equal to the compensation paid to that person during a calendar year (on the cash basis). Excluded from "compensation" or reimbursements of business expenses that have been accounted for by the contractor by supplying receipts and business explanations.

If an individual qualifies as an employee, such person shall be subject to all Human Resources policies and procedures.

Payroll Administration

The Agency operates on a bi-weekly payroll. For all Agency employees, a personnel file is established and maintained with current information and relevant historical documentation, as described throughout this section and more fully described in the Agency's Personnel Policies and Prodedures Manual.

The following forms, documents and information shall be obtained and included in the personnel files of all new employees:

1. The Agency Employment Application
2. Applicant references (work & personal)
3. Interview questions and answers
4. Form W-4 Employee Federal Withholding Certificate
5. Form I-9 Employment Eligibility Verification (under separate file)
6. Copy of driver's license
7. Copy of Social Security card issued by the Social Security Administration
8. Hire date and scheduled hours
9. Job title, description, pay grade, and starting salary
10. Information about any applicable benefits
11. Authorization for direct deposit of paycheck, along with a voided check or bank letter

Each employee personnel file shall also indicate whether the employee is exempt or non-exempt from the provisions of the Fair Labor Standards Act.

An employee's personnel file is the sole property of the Agency and the contents therein, unless otherwise prescribed by law, shall not be made available to any person, including the employee, without the express permission of the Executive Director. Each file contains a log of persons gaining access to the file.

Changes in Payroll Data

It is the policy of the Agency that all of the following changes in payroll data are to be authorized in writing:

1. New hires
2. Terminations
3. Changes in salaries and pay rates
4. Voluntary payroll deductions

5.   Changes in income tax withholding status
6.   Court-ordered payroll deductions
7.   Changes in program allocation

New hires, terminations, and changes in salaries or pay rates shall be authorized in writing by the appropriate Division Director with final authorization by the Executive Director.

Changes to the salary of the Executive Director shall be approved by the Board of Directors.

Voluntary payroll deduction shall be authorized in writing by the individual employee. Changes in federal income tax withholding status must be made by completing a Form W-4.

Documentation of all changes in payroll data shall be maintained in each employee's personnel file.

Payroll Taxes

The Finance Department is responsible for ensuring all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid. The Finance department may utilize the services of a third-party payroll service center for the processing of payroll, as determined by the Executive Director.

It is the policy of the Agency to obtain an updated Form W-4 from each employee in January of each year. Withholding of federal income taxes shall be based on the most current Form W-4 provided by each employee.

Preparation of Timesheets

Each Agency employee shall submit to the Payroll Specialist a signed and approved timesheet no later than 12:00 noon on the 1st day following the close of each pay period. Timesheets shall be prepared in accordance with the following guidelines:

1.   Each timesheet shall reflect all hours worked during the pay period
2.   Timesheets shall be prepared in black or blue ink
3.   Errors shall be corrected by crossing through the incorrect entry with one horizontal line, filling in the correct entry, and placing the employee's initials next to the change. The use of correction fluid, correction tape, or erasure devises is prohibited
4.   Employees shall identify and record hours worked based on the nature of the work performed
5.   Compensated absences should be clearly identified as such. An authorized Leave Request Form shall accompany the timesheet when such absences: a) require adjustment to the employee's accrued leave hours; b) are for specific types of leave as set forth in the Agency Personnel Policies and Procedures; or c) the leave is to be voluntarily uncompensated
6.   Timesheets shall be signed by the employee prior to submission

Each employee shall submit, along with their completed timesheet, an Agency-approved personnel activity report (Form 211) which expressly lists the program activities, and to which funding source those

activities should be charged. When Payroll has extracted necessary data from this form, it is forwarded to the Service Manager, who prepares a cost allocation analysis report using the data. This report is used to analyze, augment, and/or adjust the cost allocation plan on a schedule determined by policy.

After preparation, timesheets shall be approved and signed by Department Directors or their designees, prior to submission to the Payroll Specialist. Corrections identified by an employee's supervisor shall be authorized by the employee by placing the employee's initials next to the change.

An Agency employee who is on leave, on travel, or is ill on the day that timesheets are due may telephone or e-mail timesheet information to his/her supervisor. Information submitted in this manner must reflect the actual time worked and any appropriate notations. The employee must sign a timesheet submitted in this manner immediately upon his/her return to the office. Timesheets submitted in this manner shall bear the following notation: "Time reported via telephone or e-mail by employee to supervisor." The timesheet shall be signed by the supervisor.

Altering or falsifying time records, recording time on another employee's time record, or willfully violating any other timesheet policy or procedure may result in disciplinary action, up to and including termination.

Processing of Timesheets

Supervisors review timesheets for personnel in their charge. After approval, the timesheets are submitted to the Payroll Specialist for review and input into the third-party payroll contractor's software.

Review of Payroll

The Payroll Specialist prepares *Register Prior To Processing* report from all timesheet and allocation data. This report is submitted to an appropriate Internal Control Employee for review.

The Payroll Specialist electronically submits the payroll to the payroll service provider. The payroll data is processed by the payroll service provider and the entire data packet is returned to the Agency electronically. The Payroll Specialist uses the processed data to prepare the *Labor Distribution* report. This report is delivered to the Assistant Finance Director who uses the information to make the required transfer of funds to cover payroll expenses.

The payroll service provider delivers to the Agency via secure carrier, two sealed packages containing the final payroll. One is a collection of reports, and the other contains pay stubs and any live checks. One of the payroll reports is the *Final Payroll Register*. The reports are delivered to the Assistant Finance Director who shall secure them until needed. The stubs and/or live checks are delivered to an appropriate Internal Control Employee who shall secure them until needed.

Prior to the distribution of the payroll payments, the Chief Financial Officer will review the *Register Prior To Processing*, the *Labor Distribution* and, the *Final Payroll Register* reports to verify they have calculated the same payroll liability to the Agency. The Executive Director, as a part of the Agency's fraud prevention procedures, will inspect the three reports to verify and attest to their consistency.

Distribution of Payroll

The final payroll, as delivered from the payroll service provider may include live checks and/or check stubs for electronic deposits. Any documents requiring distribution to employees shall only be distributed by an appropriate Internal Control Employee who does not control any aspect of the preparation of payroll.

Payroll Tax Returns

Federal and all applicable state payroll tax returns are prepared by the Agency's external Payroll Service Center. The Agency shall verify, on a regular basis, that the returns filed by the payroll service provider are consistent with those reports received by the taxing entity.

Third-party contracted workers

In the event the Agency contracts for the services of personnel such as the MET program, those workers will be subject to the Policies and Procedures that pertain to any other non-employee and any policies which are deemed necessary, such as mandatory training and safety issues.

END OF PAYROLL POLICIES

<u>POLICIES PERTAINING TO SPECIFIC ASSET AND LIABILITY ACCOUNTS</u>

CASH AND CASH MANAGEMENT

<u>Cash Accounts at Banks</u>

Grant/ Program Specific Accounts:

Separate bank accounts are maintained for each grant or program operated by the Agency.

Accounts Payable Bank Account:

The Accounts Payable bank account provides for routine business check disbursements.

Funds are transferred from each grant/program bank account into the Accounts Payable bank account in the amounts necessary to fund disbursements that satisfy authorized encumbrances by each grant or program.

Payroll Account:

The payroll account is separate. As such, only the amount needed for the payroll and all payroll liabilities to cover each payroll is transferred into this account from the appropriate grant/ program account, based on the amount calculated and communicated by the outside payroll service center.

Transfers from the grant/program account into the payroll account are initiated by the Assistant Finance Director and approved by the Chief Financial Officer.

Authorized signers on the payroll account will be the same as those on the accounts payable account.

<u>Bank Reconciliations</u>

Reconciliation between the bank balance and general ledger balance may not be conducted by an individual who is an authorized check signer on said account. It is the policy of the Agency to complete the bank reconciliation process within three weeks of receipt of each bank statement.

Bank reconciliations are prepared by the Assistant Finance Director on a monthly basis. Any adjusting journal entries resulting from preparing bank reconciliations are prepared by the Chief Financial Officer.

Bank reconciliations and copies of resulting journal entries are filed in the current year's accounting files. Copies of canceled checks are included with bank statements in either an electronic format or in paper form, depending on the financial institution.

Cash Flow Management

The Chief Financial Officer monitors cash flow needs on a weekly basis to ensure that payment obligations can be met. Fund transfers between bank accounts are performed when needed and authorized.

Stale Checks

It is the policy of the Agency to write off checks of $1,000 or less that are more than 6 months old that have not cleared the Agency's bank. For uncashed checks that are more than 6 months old and that exceed $1,000, contact will be made with the payee to resolve the issue.

All stale checks that are written off shall be credited to the same expense or asset account that was debited when the check was written, or the expenditure incurred.

PREPAID EXPENSES

Accounting Treatment

It is the policy of the Agency to treat payments of expenses that have a time-sensitive future benefit as prepaid expenses and to amortize these items over the corresponding time period. For purposes of this policy, payments of less than $500 shall be expensed as paid and not treated as prepaid expenses, regardless of the existence of a future benefit.

Prepaid expenses with future benefits that expire within one year from the date of the financial statements shall be classified as current assets. Prepaid expenses that benefit future periods beyond one year from the financial statement date shall be classified as non-current assets.

Procedures

As part of the account coding process performed during the processing of accounts payable, all incoming contractor invoices shall be reviewed for the existence of time-sensitive future benefits. If future benefits are identified, the payment shall be coded to a prepaid expense account code.

CAPITAL ASSET MANAGEMENT

Capitalization Policy

Physical assets acquired with unit costs in excess of $5000 are capitalized on the financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

Contributed Assets

Assets with fair market values in excess of $5000 (per unit, on the day of delivery) that are contributed to the Agency shall be capitalized on the financial statements. Contributed items with market values below this threshold shall be posted in the year received.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Maintenance of a Capital Assets Listing

All capitalized assets, whether they be fixed assets, intellectual property, real property, or major equipment, shall be recorded within the Capital Assets List. This list shall include the following information with respect to each asset:

1. Inventory Tag Number
2. Item Description
3. Model Number
4. Serial Number
5. Acquisition Cost
6. Acquisition Date
7. Source Award Number
8. Federal Interest Status
9. Federal Interest Percentage
10. Item Status
11. Item Condition
12. Age
13. Useful Life
14. Disposition Information
15. Location

A physical inventory of all assets capitalized under the preceding policies will be taken on an annual basis. This physical inventory shall be reconciled to the Capital Assets List and adjustments made as necessary. All adjustments resulting from this reconciliation will be approved by the Chief Financial Officer.

Capitalized assets are maintained by program and depreciations of said items are not to be included as operating expenses. Depreciation is calculated based on an item's estimated useful life using the

straight-line method. For accounting and interim financial reporting purposes, depreciation expense will be recorded on an annual basis.

Repair of Capital Assets

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.

Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, any remaining non-depreciated portion of the original cost of the property shall also be depreciated over its new, extended useful life.

Disposing of Capital Assets

In the event a non-expendable asset is sold, scrapped, donated or stolen, adjustments need to be made to the fixed asset listing and property log. If money is received for the asset, then the difference between the money received and the "book value" (purchase price less depreciation) of the asset will be recorded as a loss if the money received is less than the book value and a gain if the money received is more than the book value.

ACCRUED LIABILITIES

Identification of Liabilities

The finance department shall establish a list of commonly incurred expenses that may have to be accrued at the end of an accounting period. Some of the expenses that may be accrued by the Agency at the end of an accounting year are:

> Salaries and wages
> Payroll taxes
> Personal leave (see policy below)
> Rent
> Insurance
> Maintenance contracts
> Notes payable

In addition, the Agency shall record a liability for deferred revenue (revenue received but not yet earned) in accordance with the revenue recognition policies described elsewhere in this manual. Adjustments to deferred revenue accounts shall be made at least annually.

Personal Leave

The Chief Financial Officer will adjust the personal leave potential liability on the financial statements at year end. See personnel policy #380 for details of the personal leave policy.

NOTES PAYABLE

Record-Keeping

It is the policy of the Agency to maintain a schedule of all notes payable, mortgage obligations, lines of credit, and other financing arrangements. This schedule shall be based on the underlying loan documents and shall include all of the following information:

1. Name and address of lender
2. Date of agreement or renewal/extension
3. Total amount of debt or available credit
4. Amounts and dates borrowed
5. Description of collateral, if any
6. Interest rate
7. Repayment terms
8. Maturity date
9. Address to which payments should be sent
10. Contact person at lender

Accounting and Classification

An amortization schedule shall be maintained for each note payable. Based upon the amortization schedule, the principal portion of payments due with the next year shall be classified as a current liability in the statement of financial position of the Agency. The principal portion of payments due beyond one year shall be classified as long-term/non-current liabilities in the statement of financial position.

Demand notes and any other notes without established repayment dates shall always be classified as current liabilities.

Unpaid interest expense shall be accrued as a liability at the end of the accounting year.

A detailed record of all principal and interest payments made over the entire term shall be maintained with respect to each note payable. Periodically, the amounts reflected as current and long-term notes payable per the general ledger shall be reconciled to these payment schedules and the amortization schedules, if any, provided by the lender. All differences shall be investigated.

Non-Interest-Bearing Notes Payable

Community Services of Northeast Texas, Inc. may from time to time receive notes payable that do not require the payment of interest, or that require the payment of a below-market rate of interest for the type of obligation involved. In such cases, it shall be the policy of the Agency to record contribution income for any unpaid interest.

For demand loans, recording of interest expense and contribution income shall be performed at the end of each accounting period, based on the outstanding principal balance of the loan during that period, multiplied by the difference between a normal interest rate for that type of loan and the rate, if any, that is required to be paid by the Agency.

For loans with fixed maturities or payment dates, the note payable shall be recorded at the present value of the future principal payments, using as a discount rate the difference between a normal interest rate for that type of loan and the rate, if any, that is required to be paid by the Agency. The difference between the cash proceeds of the note and the present value shall be recorded as contribution income in the period the loan is made. Thereafter, interest expense shall be recorded in each accounting period using the effective interest method, with the corresponding credit entry increasing the note payable account to reflect the amount(s) that shall be repaid.

POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING

FINANCIAL STATEMENTS

Standard Financial Statements of the Agency

Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the Agency. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

The basic financial statements of the Agency that are maintained on an Agency-wide basis shall include:

1. **Statement of Financial Position** - reflects assets, liabilities and net assets of the Agency and classifies assets and liabilities as current or non-current/long-term. A Statement of Financial Position is prepared at year end as part of the annual audited financial statements.

2. **Statement of Activities** - presents support, revenues, expenses, and other changes in net assets of the Agency, by category of net asset (unrestricted, temporarily restricted and permanently restricted).   A Statement of Activities is prepared on a monthly basis and at year end as part of the annual audited financial statements.

3. **Statement of Cash Flows** - reports the cash inflows and outflows of the Agency in three categories: operating activities, investing activities, and financing activities. A Statement of Cash Flows is prepared on an annual basis as part of the audited financial statements.

Frequency of Preparation

The objective of the finance department is to prepare accurate financial statements in accordance with generally accepted accounting principles and distribute them in a timely and cost-effective manner. In meeting this responsibility, the following policies shall apply:

A standard set of financial statements described in the preceding section shall be produced on a monthly basis prior to the monthly Board meeting. The standard set of financial statements described in the preceding section shall be supplemented by the following schedules:

1.   Individual statements of activities on a departmental and functional basis (and/or program/grant basis)
2.   Comparisons of actual year-to-date revenues and expenses with year-to-date budgeted amounts

The monthly set of financial statements shall be prepared on the accrual method of accounting, including all receivables, payables, and annual adjustments for depreciation expense.

Review and Distribution

All financial statements and supporting schedules shall be reviewed and approved by the Chief Financial Officer prior to being issued by the Finance department.

After approval by the Chief Financial Officer, a complete set of monthly financial statements, including the supplemental schedules described above, shall be distributed to the following individuals:

1.   Executive Director
2.   Department Directors and any other employee with budget-monitoring responsibilities
3.   Finance Committee
4.   Board of Directors

Financial statements may include an additional supplemental schedule prepared or compiled by the Chief Financial Officer.

GOVERNMENT RETURNS

Overview

To legitimately conduct business, the Agency must be aware of its tax and information return filing obligations and comply with all such requirements of federal, state and local jurisdictions. Filing requirements of the Agency include, but are not limited to, filing annual information returns with IRS.

Filing of Returns

It is the policy of the Agency to become familiar with the obligations in each jurisdiction and to comply with all known filing requirements. The Chief Financial Officer shall be responsible for identifying all filing requirements and assuring that the Agency is in compliance with all such requirements.

It is also the policy of the Agency to file complete and accurate returns with all authorities. The Agency shall make all efforts to avoid filing misleading, inaccurate or incomplete returns.

Filings made by the Agency include, but are not limited to, the following returns:

Form 990 - Annual information return of tax-exempt organizations, filed with IRS. Form 990 for the Agency is due on the fifteenth day of the fifth month following year-end. An automatic 3-month extension of time to file Form 990 may be obtained by filing Form 8868. Upon expiration of the first 3-month extension, a second 3-month extension may be requested using Form 8868.

W-2's and 1099's - Annual report of employee and non-employee compensation, based on calendar-year compensation, on the cash basis. These information returns are due to employees and independent contractors by January 31 and to federal government by February 28.

Form 940 - Annual federal unemployment tax return filed with IRS, for all employers [other than charitable organizations exempt from FUTA (but not necessarily state unemployment tax) under IRC section 501(c)(3)], due January 31.

Form 941 - Quarterly payroll tax return filed with IRS to report wages paid to employees and federal payroll taxes. Form 941 is due by the end of the month following the end of each quarter, or 10 days later if all payroll tax deposits have been made in a timely manner during the quarter.

Form 269 – June 30th, December 31st, and February 28th

Form 272 – 45 days after quarter end.

ETCOG Monthly Financial Statements– 5th business day of the subsequent month

CSBG Monthly Financial Statement – 20th day of the subsequent month

CEAP Monthly Financial Statement – 15th day of the subsequent month

The Agency's fiscal and tax year-end is September 30. All annual tax and information returns of the Agency (Form 990) are filed on the accrual basis of reporting.

Federal and all applicable state payroll tax returns are prepared by the Agency's external Payroll Service Center.

It is the policy of the Agency to comply with all state payroll tax requirements by withholding and remitting payroll taxes to the state of residency of each Agency employee.

Public Access to Information Returns

The Agency is subject to federal requirements to make the following forms "widely available" to all members of the general public:

1.   The three most recent annual information returns (Form 990), excluding the list of significant donors (Schedule B)

2.   The Agency's recognition of its tax-exempt status (Form 1023 or Form 1024), filed with IRS, and all accompanying schedules and attachments

It is the policy of the Agency to adhere to the following guidelines in order to comply with the preceding public disclosure requirements:

Community Services of Northeast Texas, Inc. is a non-profit entity that is eligible to receive funds under the Federal Community Services Block Grant Program and is authorized by the State of Texas to service a geographic area of the state; thereby making it subject to the Public Information Act.

All copies of documents requested by anyone, other than those provided to the Members of the Board of Directors or Policy Council for the purpose of conducting normal Agency business shall be processed according to the Public Information Act and thereby subject to the allowable costs as outlined in the Public Information Act.

In accordance with theTexas Administrative Code Title 1 – Part 3 – Chapter 70 – Rule §70.9, the following rate schedule has been adopted:

Fewer than 50 pages of paper records - $.10 per copy (standard-size paper copies)
More than 50 pages of paper records - $.10 per copy
        (standard-sized paper copies)
Plus the actual cost of postage if applicable

The total amount incurred for the copies of records and postage, if applicable, shall be due upon receipt of the requested documents.

4.   After payment is received by the Agency, all requested copies shall be shipped to requesters within 30 days. Making of all copies and shipping within the 30-day time period shall be the responsibility of the finance department.

5.   For requests for copies made in person during normal business hours, copies shall be provided while the requester waits, time permitting, subject to collection of applicable fees.

6.   The Agency shall accept certified checks and money orders for such payments.

POLICIES PERTAINING TO FEDERAL AWARDS

Administration of Federal Awards

Definitions

The Agency may receive financial assistance from a donor/grantor agency through the following types of agreements:

Grant: A financial assistance award given to the Organization to carry out its programmatic purpose.

Contract: An agreement between the Agency and a funding source that includes the terms under which the grant or award will be administered.

Preparation and Review of Proposals

Individual divisions or programs are responsible for preparing proposals for projects that the Agency intends to pursue. All proposals shall be reviewed by the Chief Financial Officer prior to submission to government agencies or other funding sources to ensure the proposed budget includes all appropriate costs.

Final proposals and grant applications shall be reviewed and approved in writing by the Board of Directors and/or the Executive Director, as directed by the funding source.

The full Board (or appropriate Board committee) will approve acceptance of all grants.

The full Board will be involved in all decisions concerning new funding sources.

The Agency may refuse to consider grants based on the cost/benefit of administering such awards.

"Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be treated as indirect costs and allocated currently to all activities." (2 CFR Part 200.460)

<u>Post-Award Procedures</u>

After an award has been made, the following steps shall be taken:

1.   Verify the specifications of the grant or contract. The Chief Financial Officer shall review the terms, time periods, award amounts and expected expenditures associated with the award. A CFDA (*Catalog of Federal Domestic Assistance*) number shall be determined for each award. All reporting requirements under the contract or award shall be summarized.

2.   Create new general ledger account numbers as required. New accounts shall be established for the receipt and expenditure categories in line with the grant or contract budget.

3.   Gather documentation. A file is established for each grant or contract. The file contains the proposal, all correspondence regarding the grant or contract, the final signed award document and all reports submitted to the funding sources.

Billing and Financial Reporting

The Agency's primary source of revenue are:

- Reimburement grants – Billed monthly, or as funders require, based on allowed, incurred expenses
- Federal/State grants – Funds are received once funding is approved, per grant regulations
- Fee-for-service income – Billed according to contract requirements based on number of units or services provided
- Private grants – Funds are usually received once funding is approved. Financial expenditure reports, if required, are submitted as required by funding source.
- Donations/Contributions – May be solicited or unsolicitied

The Agency strives to provide management, staff and funding sources with timely and accurate financial reports applicable to federal awards. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

The Agency shall prepare and submit financial reports as specified by the financial reporting clause of each grant or contract award document. Preparation of these reports shall be the responsibility of the Chief Financial Officer, subject to review and approval by the Executive Director.

The following policies shall apply to the preparation and submission of billings to federal agencies under awards made to the Agency:

1. It is the policy of the Agency to request reimbursement after expenditures have been incurred, unless an award specifies another method.

2. The Agency will strive to mimize the time between receipt and disbursement of grant funds as administratively feasible (2 CFR Part 200).

3. Each award normally specifies a particular billing cycle; therefore, a schedule is established for each grant and contract to ensure that reimbursement is made on a timely basis along with any other reporting that is required in addition to the financial reports.

4. Requests for reimbursement of award expenditures will use the actual amounts as posted to the general ledger as the source for all invoice amounts.

5. All financial reports required by each federal award will be prepared and filed on a timely basis. To the extent the Agency's year-end audit results in adjustments to amounts previously reported to federal agencies, revised reports shall be prepared and filed in accordance with the terms of each federal award.

The Agency shall maintain separate billing records in addition to the official general ledger accounting records. Billing records shall be reconciled to the general ledger on a monthly basis.

At the time invoices (requests for reimbursement) are prepared, revenue and accounts receivable shall be recorded on the books of the Agency by the Chief Financial Officer.

If a federal award authorizes the payment of cash advances to the Agency, the Chief Financial Officer may request that a request for such an advance be made. Upon receipt of a cash advance from a federal Agency, the Agency shall reflect a liability equal to the advance. As part of the monthly close-out and invoicing process, the liability shall be reduced, and revenue recognized, in an amount equal to the allowable costs incurred for that period.

Cash drawdowns of Advances

Cash drawdowns from federal agencies shall be made as needed in conjfunction with the accounts payable and payroll schedule, based on need. All federal funds shall be deposited into an interest-bearing cash account under the cash receipts policies and procedures described in this manual. The Agency requires that federal funds will be disbursed within 24 hours of receipt using the following process:

1. The Chief Financial Officer determines which checks will be printed
2. The Chief Financial Officer only selects those expenditures which have been properly approved
3. The Chief Financial Officer draws down the cash required
4. The Coding Specialist prints the checks selected by the Chief Financial Officer
5. The Coding Specialist prepares the checks for signing, including a list of payee's and amounts
6. The Chief Financial Officer posts (approves) the printed checks in the accounting software
7. The checks, backup, and check list are forwarded to the proper authorized check signers

Accounts Recievable Entry Policies

Where necessary, individuals independent of the cash receipts function shall post customer invoices, credit adjustments, and other adjustments to the accounts receivable subsidiary ledger.

Classification of Income and Net Assets

All income received by the Agency is classified as "unrestricted" with the exception of the following:

1. Grants and other awards received from government agencies or other grantors, which are classified as temporarily restricted.
2. Special donations received from donors requesting that the funds be permantely restricted for specific purposes.

As with all temporarily restricted net assets, when the restriction associated with the contribution has been met (due to the passing of time or the use of the resource for the purpose designated by the donor), the Agency will reclassify the related assets from "temporarily restricted" to "unrestricted" in its Statement of Financial Position and reflect the reclassification as an activity in its Statement of Activities.

Procurement under Federal Awards

Procurement of goods and services whose costs are charged to federal awards received by the Agency are subject to all of the specific Agency purchasing policies described earlier, under "Purchasing Policies and Procedures." In addition, procurements associated with Federal awards are subject to the following supplemental policies:

1.   The Agency shall avoid purchasing items that are not necessary for the performance of the activities required by a Federal award.

2.   Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal government.

3.   Documentation of the cost and price analysis associated with each procurement decision shall be retained in the procurement files pertaining to each Federal award.

4.   For all procurements in excess of the small purchase acquisition threshold, procurement records and files shall be maintained to include all of the following:

   a.   The basis for contractor selection.

   b.   Justification for lack of competition when competitive bids or offers are not obtained.

   c.   The basis for award cost or price.

5.   The Agency shall make all procurement files available for inspection upon request by a Federal Awarding Agency.

6.   All contracts with contractors shall require the contractor to certify in writing that it has not been suspended or disbarred from doing business with any federal Agency.

In addition, no employee, officer, or agent of the Agency shall participate in the selection, award or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of her or his immediate family, his or her partner, or an Agency which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award.

Solicitations of Bids from Contractors

All purchases in excess of $5,000 but less than $25,000 shall be made by obtaining oral or written quotations from at least two responsible contractors.

All purchases of at least $25,000, but less than $100,000, shall be made by obtaining written quotations from at least three responsible contractors.

All purchases of $100,000 or more shall be made by obtaining competitive proposals from at least three responsible contractors. Sealed bids shall be utilized when required by the Federal awarding Agency.

The Agency shall not utilize the "cost-plus-a-percentage-of-cost" method of contracting with contractors.

All other policies and procedures associated with procurement under Federal awards shall be governed by the policies applicable to all purchases of the Agency, described in the section of this manual on "Policies Associated with Expenditures and Disbursements."

Equipment and Furniture Purchased With Federal Funds

For purposes of Federal award accounting and administration, "equipment" shall include all assets with a unit cost equal to the lesser of $5,000 or the capitalization threshold utilized by the Agency, described under Asset Management.

All purchases of "equipment" with federal funds shall be approved in advance in writing by the federal awarding Agency. In addition, the following policies shall apply regarding equipment purchased and charged to federal awards:

1. Any equipment that is owned by the Federal government and given to the Agency for use in a program shall be marked as such.

2. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to Federal awards.

3. A physical inventory of all equipment purchased with federal funds shall be performed at least once annually. The results of the physical inventory shall be reconciled to the accounting records of and federal reports filed by the Agency.

Standards for Financial Management Systems

In accordance with 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, it is the policy of the Agency to maintain a financial management system that provides for the following:

1. Identification, in all its accounts, of all Federal awards received and expended and the Federal programs under which they were received.

2. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements of 2 CFR Parts 200.327, Financial Reporting, and 200.328, Monitoring and Reporting ProgramPerformance, and/or the award.

3. Records that identify adequately the source and application of funds for federally funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest, and be fully supported by source documentation.

4. Effective control over and accountability for all funds, property and other assets. The Agency must adequately safeguard all such assets and assure they are used solely for authorized purposes.

5. Comparison of outlays with budget amounts for each award.

6. Information that relates financial data to performance accomplishments and demonstrates cost effective practices as required by funding sources. (2 CFR Part 301, *Performance Measurement*)

7. Written procedures to minimize the time elapsing between the transfer of funds and disbursement by the Agency. Advance payments must be limited to the minimum amount needed and be timed to be in accordance with actual, immediate cash requirements. (2 CFR Part 200.305 *Payment*)

8. Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the 2 CFR Part 200, Subpart E, *Cost Principles* and the terms and conditions of the award.

Document Administration

For each grant/award/contract received by the Agency from a federal, state, or local government agency, a master file of documents applicable to the award shall be prepared and maintained. The responsibility for assembling each master file shall be assigned to the designated SPA assigned to administer the program.

The master file assembled for each government award shall include all of the following documents, including originals (where possible) of all documents received from the awarding entity:

1. Copy of the initial application for the award and corresponding budget

2. All correspondence to and from the awarding agency post-application, leading up to the award

3. The final, approved budget and program plan, after making any modifications

4. The grant agreement and any other documents associated with the initial making of the award

5. Subsequent grant modifications (financial and programmatic)

6. Copies of program and financial reports

7. Subsequent correspondence to/from the awarding agency

8. Notices of any monitoring visits to be conducted by the awarding agency

9. Correspondence and other documents resulting from the closeout process of the award

Close Out of Federal Awards

The Agency shall follow the close out procedures described in 2 CFR Part 200.343-345, Closeout, and in the grant agreements as specified by the granting Agency.

The Agency shall liquidate all obligations incurred under the grant or contract within 90 days of the end of the grant or contract agreement.

RECORDS RETENTION POLICY

Paper Records

The following guidelines will ensure adequate record keeping while making the most efficient use of valuable office and storage space. The retention periods listed here are based on the needs of the organization and requirements set forth by the various funding sources and may need to be modified from time to time.

RM CODES: All retention periods begin as of the 'store' date, that is, the date the records are removed from the current filing system and archived in a storage facility. On the day a box is given a code number, added to the RM List, the box is given the appropriate RM code. Files are kept 'current' for two years after the close of any particular program, calendar period, or fiscal period prior to receiving an RM code and being added to storage. RM Code 99 is given to all information that gives an overview of the Agency's activities in perpetuity. This includes, but is not limited to employee records, real estate records, annual reports, and audits.

99 = Permanent   7 = seven years   5 = five years   3 = three years   1= one year

All records, except those expressly designated as not necessary to retain, shall have an RM Code of 3.

TYPE OF RECORD	RM CODE
Accident reports/claims (settled Cases)	7
Accounts payable ledgers and schedules	7
Accounts receivable ledgers and schedules	7
Audit reports	99
Bank reconciliations	3
Bank Statements	3
Chart of Accounts	99
Cancelled Checks (Regular purchases)	7
Cancelled Checks (Capital Asset purchases)	99
Contracts, notes and leases:	
Expired	7
Still in effect	99
Correspondence:	
General and/or routine	3
Legal and matters relating to capital expenditures	99
Deeds, mortgages and bills of sales	99
Depreciation schedules	99
Duplicate deposit slips	3
Employee time records	7
Employment applications (persons not hired)	1
Expense analyses/expense distribution schedule	7
Financial statements:	
Year end	99
Other	3
Garnishments	7

General ledgers/year end trial balance	99
Head Start / Early Head Start:	
Children's files	3
Children's attendance records	3
In-kind	3
USDA	3
Insurance policies (expired)	3
Insurance records (policies, claims, etc.)	99
Internal audit reports	7
Internal reports	3
Inventories of products, materials and supplies	7
Invoices (to customers, from contractors)	7
Journals	99
Minute books of governing bodies	99
Notes receivable ledgers and schedules	7
Nutrition client files	7
Payroll records and summaries	7
Personnel records	99
Personnel medical records	99
Petty cash vouchers	3
Physical inventory tags	3
Property records (incl. depreciation schedules)	99
Property records (Capital Asset information)	99
Purchase requisitions:	
Purchasing department copy	7
Other copies	3
Receiving sheets	3
Retirement and pension records	99
Requisitions	3
Sales records	7
Sign-in sheets (visitors)	3
Subsidiary ledgers	7
Tax returns and worksheets, examination reports and other documents relating to determination of income tax liability	99
TDHCA Client files	7
Trademark registrations and copyrights	99
Training manuals (no longer in use)	3
Voucher register and schedules	7
Withholding tax statements	7

Electronic Records

Place policy here

Head Start

Financial Report for the month of August 2023

July 2023 Expenditures)

Funding Source	Amount Funded	Expenditures	Total To Date	Balance	Monthly Budget	YTD Budget	(Over)/Under
12 month program ending 11-30-2022							
Personnel	$2,147,995.00	$175,869.35	$1,279,412.72	$868,582.28	$178,999.58	$1,431,996.67	$152,583.95
Fringe Benefits	$526,259.00	$31,739.30	$325,798.13	$200,460.87	$43,854.92	$350,839.33	$25,041.20
Travel (4120)	$10,000.00	$0.00	$5,733.27	$4,266.73	$833.33	$6,666.67	$933.40
Equipment	$35,000.00	$0.00	$26,065.00	$8,935.00	$2,916.67	$23,333.33	($2,731.67)
Supplies	$189,500.00	$13,344.51	$124,434.58	$65,065.42	$15,791.67	$126,333.33	$1,898.75
Contractual	$275,350.00	$105,500.00	$139,820.00	$135,530.00	$22,945.83	$183,566.67	$43,746.67
Facilities / Construction	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other (4120)	$30,381.00	$0.00	$34,647.73	($4,266.73)	$2,531.75	$20,254.00	($14,393.73)
Other (4122)	$858,320.00	$32,916.06	$657,987.10	$200,332.90	$71,526.67	$572,213.33	($85,773.77)
Total	$4,072,805.00	$359,369.22	$2,593,898.53	$1,478,906.47	$339,400.42	$2,715,203.33	$121,304.80
T&TA	$40,381.00	$0.00	$40,381.00	$0.00	$3,365.08	$26,920.67	($13,460.33)

Total

USDA Reimbursements through June 2023 $73,283.52

Estimated USDA Reimbursement for July 2023 $0.00

Resulting (over)/under with USDA $194,588.32

* Total Over/Under without USDA

Accruals: $4.00

Actual year end payroll accrual $75,600.00

Further Analysis	
Number of children	465
Number of classrooms	26

	Amount Funded	Expenditures	Total To Date		Monthly Budget	YTD Budget	(Over)/Under
Per Classroom	$156,646.35	$13,821.89	$99,765.33		$13,053.86	$104,430.90	$4,665.57
Per Child	$8,758.72	$772.84	$5,578.28		$729.89	$5,839.15	$260.87

IN-KIND (Non-Federal Share)			
Needed	This month	Total	Still need
$1,018,201.00	$62,572.38	$925,176.60	$93,024.40

Early Head Start

Financial Report for the month of August 2023

(July 2023 Expenditures)

Funding Source	Amount Funded	Expenditures	Total To Date	Balance	Monthly Budget	YTD Budget	(Over)/Under
12 month program ending 11-30-2022							
Personnel	$134,771.00	($10,872.93)	$72,561.77	$62,209.23	$11,230.92	$89,847.33	$17,285.56
Fringe Benefits	$33,019.00	$2,132.82	$31,413.52	$1,605.48	$2,751.58	$22,012.67	($9,400.85)
Travel (4120)	$2,190.00	$116.20	$532.21	$1,657.79	$182.50	$1,460.00	$927.79
Equipment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Supplies	$19,350.00	$726.13	$7,676.34	$11,673.66	$1,612.50	$12,900.00	$5,223.66
Contractual	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Facilities / Construction	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other (4120)	$3,067.00	$0.00	$3,989.59	($922.59)	$255.58	$2,044.67	($1,944.92)
Other (4122)	$50,741.00	$1,504.23	$27,460.52	$23,280.48	$4,228.42	$33,827.33	$6,366.81
Total	$243,138.00	($6,393.55)	$143,633.95	$99,504.05	$20,261.50	$162,092.00	$18,458.05
T&TA	$5,257.00	$116.20	$4,521.80	$735.20	$438.08	$3,504.67	($1,017.13)

Total

USDA Reimbursements through June 2023 $10,336.74

Estimated USDA Reimbursement for July 2023 $0.00

Resulting (over)/under with USDA $28,794.79

* Total Over/Under without USDA

Further Analysis	
Number of children	16
Number of classrooms	2

Accruals: $4.00

Actual year end payroll accrual $7,200

	Amount Funded	Expenditures	Total To Date		Monthly Budget	YTD Budget	(Over)/Under
Per Classroom	$121,569.00	($3,196.78)	$71,816.98		$10,130.75	$81,046.00	$9,229.03
Per Child	$15,196.13	($399.60)	$8,977.12		$1,266.34	$10,130.75	$1,153.63

IN-KIND (Non-Federal Share)			
Needed	This month	Total	Still need
$243,138.00	$971.25	$14,384.26	$228,753.74

HEAD START and EHS NUTRITION PROGRAM

August 2023 Financial Report

For the month of July 2023

CACFP

		Expenditures	Total To Date
Operating Labor	$	6,714.16	70,165.50
Administrative Labor		1,189.04	12,897.30
Food		82.83	86,651.06
Supplies & Equipment		29.77	6,911.10
Purchased Services		-	0.00
Financial Costs		-	0.00
Media Costs		-	0.00
Operating Org Cost		-	2,913.80
Other		-	517.15
Total	$	8,015.80	$ 180,055.91

Operating Labor includes C5 andC6 money

TDHS REVENUE	-	113,342.39

(Income Starts October 2022)

CSBG 2023

Financial Report for the month of August 2023

CSBG Current Program (July 2023 Expenditures)

% of contract	58%
% of money	45%

Funding Source	Amount Funded	Expenditures	Total To Date	Balance	Monthly Budget	YTD Budget	(Over)/Under
Community Services Block Grant (CSBG) 12 month program ending 12/31/2023							
Personnel	$134,686.20	14,990.15	$79,953.52	$54,732.68	$11,223.85	$78,566.95	($1,386.57)
Fringe Benefits	53,987.58	1,524.81	$18,248.04	35,739.54	4,498.97	31,492.76	13,244.72
Travel*	9,010.50	0.00	$1,684.80	7,325.70	750.88	5,256.13	3,571.33
Equipment	49,110.00	0.00	$3,673.03	45,436.97	4,092.50	28,647.50	24,974.47
Supplies	15,746.44	73.09	$3,241.50	12,504.94	1,312.20	9,185.42	5,943.92
Contractual	3,629.50	286.92	$1,612.33	2,017.17	302.46	2,117.21	504.88
Other	134,187.48	10,507.68	$82,054.73	52,132.75	11,182.29	78,276.03	(3,778.70)
Indirect Costs	43,114.30	0.00	$8,721.35	34,392.95	3,592.86	25,150.01	16,428.66
Total	$443,472.00	$27,382.65	$199,189.30	$244,282.70	$36,956.00	$258,692.00	$59,502.70

CEAP 2023

Financial Report for the month of August 2023

CEAP Current Program (July 2023 Expenditures)

% of contract	58%
% of money	97%

	Amount Funded	Expenditures	Total To Date	Balance		Contract Budget Minimun		Maximum		
Comprehensive Energy Assistance Program (CEAP) 12 month program ending 12/31/2023										
Administration*	$258,248.00	8,317.78	$212,765.17	$45,482.83	6%	$21,520.67 min	$214,629.15 max			$1,863.98
Household Crisis**	1,437,695.00	0.00	$263,350.66	1,174,344.34		305,279.45 min	1,437,695.00 max			1,174,344.34
Utility Assistance**	1,437,695.00	98,997.40	$2,789,443.87	(1,351,748.87)		305,279.45 min	1,437,695.00 max			(1,351,748.87)
Program Services	440,710.00	23,592.22	$193,700.79	247,009.21	6%	36,725.83 min	259,719.63 max			66,018.84
Training Travel	2,500.00	0.00	$2,500.00	0.00		0.00 min	2,500.00 max			0.00
Total	$3,576,848.00	$130,907.40	$3,461,760.49	$115,087.51		$668,805.41	$3,352,238.78			($109,521.71)

*Cannot be over-budget by end of contract **Must be at least 10% of total expenditures

Future Payments $0.00

Compliance calculation used, Admin = 6.0% of total grant, Program Services = 6.25% of direct expenditures

Admin with Future Payments   6.1%   Program Services with Future Payments   0

CSBG D 2023

Financial Report for the month of August 2023

CSBG D Current Program (July 2023 Expenditures)

Funding Source	Amount Funded	Expenditures	Total To Date	Balance
CSBG D January 2023 thru September 30, 2023				
Personnel	$0.00	300.00	$300.00	($300.00)
Fringe Benefits	0.00	533.19	$533.19	(533.19)
Travel*	0.00	0.00	$0.00	0.00
Equipment	0.00	0.00	$0.00	0.00
Supplies	0.00	0.00	$0.00	0.00
Direct Services to Clients	17,187.00	0.00	$14,566.59	2,620.41
Other	5,714.00	2,604.26	$2,779.26	2,934.74
Indirect Costs	0.00	0.00	$0.00	0.00
Total	$22,901.00	$3,437.45	$18,179.04	$4,721.96

Future Payments 00.00

CEAP SUPPLEMENTAL 2023

Financial Report for the month of August 2023

CEAP Current Program (July 2023 Expenditures)

% of contract	58%
% of money	68%

Comprehensive Energy Assistance Program (CEAP) 12 month program ending 12/31/2023

Contract Budget

	Amount Funded	Expenditures	Total To Date	Balance		Minimun		Maximum		
Administration*	$63,158.00	0.00	$0.00	$63,158.00	0%	$5,263.17 min		$37,021.47 max		$37,021.47
Household Crisis**	351,875.00	6,595.20	$45,051.16	306,823.84		59,712.05 min		351,875.00 max		306,823.84
Utility Assistance**	351,875.00	(22,936.85)	$552,069.35	(200,194.35)		59,712.05 min		351,875.00 max		(200,194.35)
Program Services	107,864.00	0.00	$0.00	107,864.00	0%	8,988.67 min		47,769.64 max		47,769.64
Total	$874,772.00	($16,341.65)	$597,120.51	$277,651.49		$133,675.94		$788,541.11		$191,420.60

*Cannot be over-budget by end of contract **Must be at least 10% of total expenditures

Future Payments

Compliance calculation used, Admin = 6.0% of total grant, Program Services = 6.25% of direct expenditures

Admin with Future Payments   0.0%   Program Services with Future Payments   100%

LOW INCOME WATER ASSISTANCE PROGRAM

Financial Report for the month of August 2023

LIWAP Current Program (July 2023 Expenditures)

					% of contract	90%
					% of money	75%

Funding Source	Amount Funded	Expenditures	Total To Date	Balance	Monthly Budget	YTD Budget	(Over)/Under
Grant Administered From 01/01/2022 to 09/30/2023							
Administration	$83,090.00	0.00	$10,419.57	$72,670.43	$3,956.67	$75,176.67	$64,757.10
Direct Services	479,425.00	15,217.39	$452,603.21	26,821.79	22,829.76	433,765.48	(18,837.73)
Program Services	70,311.00	0.00	$9,610.93	60,700.07	3,348.14	63,614.71	54,003.78
Total	$632,826.00	$15,217.39	$472,633.71	$160,192.29	$30,134.57	$572,556.86	$99,923.15

	Future Payments	$11,612.16

Community Services of Northeast Texas, Inc.
Credit Usage Report

Board Report -August 2023

Sam's Club

Purchases for June 2023		77.12
Payment due by 07/28/2023	Pd on 07/20/2023	(77.12)
Balance		-

American Express

Purchases for June 2023		21,898.88
Payment due by ---	Pd on 07/20/2023	(21,898.88)
Balance		-

Line of Credit

Program	CEAP A	CSBG A	TBRA	TX-HAF
Highest July 2023 Balance	-	-	17,800.00	
Current balance	-	-	16,100.00	
Exp pay off date			8/31/2023	

In House Line of Credit

Program	CEAP A	CSBG A	TRBA	LIHWAP	VET	TX-HAF
Highest July 2023 Balance	-	8,800.00	-	-	3,756.54	28,221.00
Current balance		11,700.00			7,331.54	15871
Exp pay off date		8/31/2023			8/31/2023	8/31/2023

U.S. SMALL BUSINESS ADMINISTRATION LOAN
Maturity Date 06/15/2050
$157,272.79 as of 08/14/2023

COMMUNITY COUNCIL OF CASS
Account Number ending in ~~0542~~

FINANCING BY
synchrony®

Payment Information

$	New Balance:	$77.12
	Total Minimum Payment Due:	$50.00
	Payment Due Date:	07/28/2023

Payments must be received by 5pm ET on 07/28/2023 if mailed, or by 11:59pm ET on 07/28/2023 for online and phone payments.

MEMBER SERVICE: For Account Information log on to SamsClubCredit.com/businesscard. This account is registered. See your online Administrator to get a User ID & Password. Or call toll-free 1-800-203-5764

To make a payment, please visit us online or mail your payment using the coupon below. Payments are also accepted at your local CheckFreePay* or MoneyGram locations*. * Fees may apply.

RECEIVED

JUL 14 2023

KAC   LY:_____
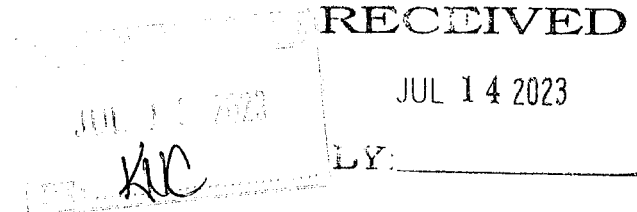
Account Summary

Previous Balance as of 06/09/2023	$163.57	
Payments	− 163.57	
Purchases/Debits	+ 77.12	
New Balance as of 07/08/2023	**$77.12**	

30 Day Billing Cycle from 06/09/2023 to 07/08/2023

Credit Limit	$1,700
Available Credit	$1,622

Transaction Detail

Date	Reference #	Description	Amount
Payments			**-$163.57**
06/26	P9280005K01GJFMLA	PAYMENT - THANK YOU	-$163.57
Purchases and Other Debits			**$77.12**
06/08	P9280005001L0AZDM	SAM'S CLUB 006422 LONGVIEW TX	$77.12
		SAM'S/WAL-MART PURCHASE(S)	
		Total for SHELLY MITCHELL	$77.12
Total Fees Charged This Period			$0.00
Total Interest Charged This Period			$0.00

C.C. Shelly — 7/14.

Account Number	5046 0020 3923 0674
New Balance	$7211
Total Minimum Payment Due	$50.00
Payment Due Date	07/28/2023

Amount
Enclosed $

VIEW AND PAY YOUR BILL ONLINE!
SamsClubCredit.com/businesscard

COMMUNITY COUNCIL OF CASS   24228
KAY PHILLIPS   Q206
PO BOX 427
LINDEN TX 75563-0427

Make SAM'S CLUB/SYNCHRONY BANK
Payment P.O. BOX 669825
to: DALLAS, TX 75266-0782

00050000016357 00050000007712

COMMUNITY COUNCIL OF CASS

ACCOUNT #: 6046 0020 8933 0074 **DATE OF SALE #:** 230608 **P.O. #:**

INVOICE#: 000000 **AUTHORIZATION #: 000303** **CLUB #: 6422**

REFERENCE #: P9280005001L0AZDM **TRANSACTION #: 0** **REGISTER #: 94**

S.K.U	DESCRIPTION	QUANTITY	UNIT	PRICE	EXT. PRICE
SALES TAX		1.000		$0.0000	$0.00
030089094	MM PURIFIED WATER	3.000	EA	$4.2800	$12.84
053058147	MM WATER 8OZ	1.000	EA	$9.3800	$9.38
054631123	30CT VANSPRINK CPCKE	1.000	EA	$15.9800	$15.98
054745531	30CT CUPK SPEC ORDER	4.000	EA	$15.9800	$63.92
	CASH/CREDIT RECEIVED	0.000		$0.0000	$25.00-

SUB $102.12	TAX $0.00	TOTAL INVOICE	$102.12
		CREDITS TOTAL	$25.00-
		BALANCE DUE	$77.12

1-2

sam's club ⟨⟩

Interest Charge Calculation

Your Annual Percentage Rate (APR) is the annual interest rate on your account.   (v) = Variable Rate

Type of Balance	Expiration Date	Annual Percentage Rate	Balance Subject to Interest Rate	Interest Charge	Balance Method
Purchases	N/A	29.99% (v)	$0.00	$0.00	2D

Cardholder News and Information

NOTICE: We may convert your payment into an electronic debit. See back of page one for details, Billing Rights and other important information.

Member News and Information

Interested in changing your due date for your Sam's Club ® credit card account? Call the Credit Customer Service phone number, located on your billing statement and on the back of your Sam's Club® credit card, to determine eligibility and discuss available options.

Go green and support the environment with paperless statements! All you have to do is visit **SamsClubCredit.com/businesscard** to sign up. Register today to start receiving your statements online.

Prepared For	Account Number	Closing Date
DAN BOYD CSNT INC	XXXX-XXXXX1-21009	06/28/23

Previous Balance $	New Charges $	Other Debits $	Payments $	Other Credits $	Balance Due $	Do Not Pay
9,378.11	2,522.91	285.91	9,664.02	0.00	2,522.91	For important information regarding your account refer to page 2.

For your records only - do not pay.

For assistance or questions about your account, contact us at **www.americanexpress.com/checkyourbill** or call Customer Service at **1-800-492-4920.**

Activity   Date reflects either transaction or posting date

Card Number XXXX-XXXXX1-21009			Reference Code	Amount $
06/13/23	PAYMENT RECEIVED - THANK YOU	06/13	05605000000	-9,664.02
06/12/23	American Airlines FT WORTH TX		20230612000	478.40
	TKT# 0012454998816 AMERICAN AIR 06/12/23			
	PASSENGER TICKET			
	MOREHEAD/MATHEW American Airlines			
	American Airlines FT WORTH TX			
	FROM			
	TEXARKANA AR			
	TO CARRIER CLASS			
	DALLAS/FT WORTH TX MQ Q			
	TO			
	ATLANTA GA AA Q			
	TO			
	DALLAS/FT WORTH TX AA O			
	TO			
	TEXARKANA AR MQ O			

Do not staple or use paper clips

Payment Coupon

Account Number	
3796-565931-21009	Enter 15 digit account number on all payments.

MB 01 000017 74860 H 1 A

||I|ı|ı|ı|ı||ı|ıılıı|ıı||ı|ı|ıl|ı|ı|ı||ıı|ıı|ı|ıl|

DAN BOYD
CSNT INC
304 E HOUSTON BX 427
LINDEN   TX   75563-5600

See reverse side for instructions on how to update your address, phone number, or email.

RECEIVED

JUL 13 2023

BY:_____

000017 1/2

R04L9WR1   17923

000000770

(QQQ(

AMERICAN EXPRESS

Prepared For
DAN BOYD
CSNT INC

Account Number
XXXX-XXXXX-21000

Closing Date
06/28/23

Page 3 of 3

Activity Continued

		Reference Code	Amount $

06/12/23	American Airlines FT WORTH TX
	TKT# 0012454998815 AMERICAN AIR 06/12/23
	PASSENGER TICKET
	MOREHEAD/MICHELLE American Airlines
	American Airlines FT WORTH TX
	FROM
	  TEXARKANA AR
	TO CARRIER CLASS
	  DALLAS/FT WORTH TX MQ Q
	TO
	  ATLANTA GA AA Q
	TO
	  DALLAS/FT WORTH TX AA O
	TO
	  TEXARKANA AR MQ O
		20230612000	√ 478.40

06/13/23	American Airlines FT WORTH TX
	TKT# 0012455140440 AMERICAN AIR 06/13/23
	PASSENGER TICKET
	HALL/CHARLOTTE American Airlines
	American Airlines FT WORTH TX
	FROM
	  TEXARKANA AR
	TO CARRIER CLASS
	  DALLAS/FT WORTH TX MQ N
	TO
	  ATLANTA GA AA N
	TO
	  DALLAS/FT WORTH TX AA O
	TO
	  TEXARKANA AR MQ O
		20230613000	505.39

06/08/23	ACADEMY SPORTS + OUT KATY TX REF# 402530356 281-646-5564 06/08/23 SPORTING GOODS/APPAREL ROC NUMBER 402530356	40253035600	173.15
06/13/23	ALLIANZ TRAVEL INS RICHMOND VA REF# GGX3Y5VW 8006285404 06/12/23		√ 52.62
06/13/23	ALLIANZ TRAVEL INS RICHMOND VA REF# HKGPG1Q5 8006285404 06/13/23		27.80
06/20/23	CAPLAW.ORG BOSTON MA REF# NT_O7R37H7K +16173576915 06/20/23		725.00
06/20/23	CREDIT BALANCE REFUND-CHECK ISSUED DATE OF ABOVE 06/20		285.91
06/08/23	HOBBY LOBBY #155 000 TEXARKANA TX REF# 15600000000 4057451100 06/07/23 HOBBY SHOPS ROC NUMBER 15600000000	15600000000	7.78
06/07/23	WAL-MART SUPERCENTER TEXARKANA TX REF# 31580057718 DISCOUNT STORE 06/07/23	31580057718	74.37

Total for DAN BOYD	New Charges/Other Debits Payments/Other Credits	2,808.82 -9,664.02

AMERICAN EXPRESS

Prepared For	Account Number	Closing Date	
CREW DYKES CSNT INC	XXXX-XXXXX7-81008	06/28/23	Page 1 of 3

Previous Balance $	New Charges $	Other Debits $	Payments $	Other Credits $	Balance Due $ Do Not Pay	
386.06	19,375.97	0.00	386.06	41.31	19,334.66	For important information regarding your account refer to page 2.

For your records only - do not pay.

For assistance or questions about your account, contact us at **www.americanexpress.com/checkyourbill** or call Customer Service at **1-800-492-4920.**

Activity   Date reflects either transaction or posting date

Card Number XXXX-XXXXX7-81008		Reference Code	Amount $
06/13/23 PAYMENT RECEIVED - THANK YOU 06/13		05605000000	-386.06
06/02/23 CLDTKN AMAZON.COM*LF1MW9IV3 AMZN.COM/BILL Y41MVU3YC 113-0031945-4171498109 06/02/23 ROC NUMBER Y41MVU3YC209	W		7,182.00
06/04/23 CLDTKN AMAZON.COM*8I84W9843 AMZN.COM/BILL 3RWY4TMD7 113-6991905-1021098109 06/04/23 ROC NUMBER 3RWY4TMD7VDN	W		43.96
06/15/23 CLDTKN AMZN MKTP US*BD9XH7C AMZN.COM/BILL 4SEP6Z20M 111-5569869-1558698109 06/13/23 ROC NUMBER 4SEP6Z20MHQ0	W		70.97
06/28/23 CLDTKN AMZN MKTP US*NZ4NF74 AMZN.COM/BILL 7FE16HFEX 113-5451571-5483498109 06/26/23 ROC NUMBER 7FE16HFEXRCY	W		199.80
06/23/23 CLDTKN AMZN MKTP US*V53651P AMZN.COM/BILL 4GCZJ3HIR 111-8986362-5476298109 06/23/23 ROC NUMBER 4GCZJ3HIRBGY	W		110.99
06/14/23 CLDTKN AMZN MKTP US*418BN4V AMZN.COM/BILL 2O1QK88L6 111-6009718-9569898109 06/13/23 ROC NUMBER 2O1QK88L6DXN	W		15.78
06/04/23 CLDTKN AMZN MKTP US*492JI3Z AMZN.COM/BILL 2GTICQBDH 113-7668918-7445898109 06/04/23 ROC NUMBER 2GTICQBDHYQO	W		157.68

Do not staple or use paper clips
Payment Coupon

Account Number 37962366037-81008   Enter 15 digit account number on all payments.

CREW DYKES
CSNT INC
302 E HOUSTON BX 427
LINDEN   TX   75563-5600

See reverse side for instructions on how to update your address, phone number, or email.

RECEIVED

JUL 1 3 2023

BY:_____

AMERICAN EXPRESS

Prepared For
CREW DYKES
CSNT INC

Account Number
XXXX-XXXXX7891008

Closing Date
06/28/23

Page 3 of 3

277

Activity Continued

		Reference Code	Amount $
06/28/23	CLDTKN AMZN MKTP US*5K0727T AMZN.COM/BILL 6S9UYU05G 113-7509617-0172298109 06/28/23 ROC NUMBER 6S9UYU05GLC6	W	4,485.75 ✔
06/14/23	CLDTKN AMZN MKTP US*8B6BB7T AMZN.COM/BILL 2S12VS3VR 111-1890026-6797898109 06/13/23 ROC NUMBER 2S12VS3VRC10	W	632.43
06/12/23	BLS*IFAX LONDON REF# 00107294711 COMPUTER STORE 06/12/23	00107294711	155.58
06/12/23	BLS*IFAX LONDON REF# 00107294359 COMPUTER STORE 06/12/23	00107294359	31.05
06/16/23	BLS*IFAX LONDON REF# 00107536218 COMPUTER STORE 06/16/23	00107536218	41.31 Credit
06/01/23	BOSSTAB CORP DALLAS TX REF# NT_O0FY2LU9 +18002939703 06/01/23		5,614.28
06/14/23	CLDTKN EBAY O*10-10174-8809 SAN JOSE REF# ######6sXTa DEPARTMENT STORE 06/14/23	C	31.48
06/09/23	LOWE'S OF TEXARKANA, TEXARKANA TX INV # 357 ALM 75501 06/08/23 STORE # 0174 PHONE # 903-831-5700 DATE: 2023-06-08 PO # ALM INVOICE # 35709 TAX: 0.00 TOTAL: 118.32 ROC NUMBER INV # 35709 R		118.32
06/03/23	SMARTSIGN BROOKLYN NY REF# 00431568 718-797-1900 06/02/23 MISCELLANEOUS GENERAL M ROC NUMBER 00431568	00431568000	366.00
06/15/23	WALMART.COM 80096665 BENTONVILLE AR REF# WNIQ3FVJ4YE 8009666546 06/15/23 REFER TO RECEIPT ROC NUMBER WNIQ3FVJ4YE9		159.90

Total for CREW DYKES

	New Charges/Other Debits	19,375.97
	Payments/Other Credits	-427.37

1045 - TEXANA
ACCOUNTS
PAYABLE
DISBURSEMENT
2   Check Register for the Month of July 2023

Check Number	Effective Date	Vendor Name	Check Amount	Description
78027	7/13/2023	ABILA	1,085.12	Software Support
78032	7/13/2023	AEP-SWEPCO-EA	64,507.42	Client Assistance
78033	7/13/2023	ALFORD AIR CONDITIONING & HEATING LLC	14,710.00	Client Assistance
78034	7/13/2023	AMY PERALES	402.05	Mileage
78035	7/13/2023	AT&T	1,189.72	Telephone & Internet
78036	7/13/2023	ATLANTA UTILITIES	680.00	Client Assistance
78037	7/13/2023	ATMOS ENERGY	2,470.96	Client Assistance
78038	7/13/2023	BI-COUNTY WATER SUPPLY CORP.	618.73	Client Assistance
78039	7/13/2023	BIG COUNTRY TREE SERVICE, LLC	3,550.00	Tree Removal
78040	7/13/2023	BLOOMBURG WATER SUPPLY	61.23	Utility
78041	7/13/2023	BLUE MARLIN INVESTMENT PROPERTIES, LLC	4,320.00	Client Assistance
78042	7/13/2023	BOWIE CASS	8,660.93	Client Assistance
78043	7/13/2023	BRANDON ELLIOTT	2,000.00	Client Assistance
78044	7/13/2023	BUDGET NOTARY	139.75	Notary Supplies
78045	7/13/2023	CENTERPOINT ENERGY	6,133.47	Client Assistance
78046	7/13/2023	CENTERPOINT ENERGY ENTEX	171.37	Utility
78047	7/13/2023	CHILDPLUS SOFTWARE	14,875.00	Software Support
78048	7/13/2023	CITY OF AVINGER	340.00	Client Assistance
78049	7/13/2023	CITY OF HUGHES SPRINGS	670.96	Client Assistance
78050	7/13/2023	CITY OF JEFFERSON WATER .	66.60	Utility
78051	7/13/2023	CITY OF MAUD	368.21	Client Assistance
78052	7/13/2023	CITY OF NAPLES	340.00	Client Assistance
78053	7/13/2023	CITY OF NEW BOSTON	28.88	Utility
78054	7/13/2023	CITY OF PITTSBURG	564.75	Utility
78055	7/13/2023	CITY OF ROXTON	379.37	Client Assistance
78056	7/13/2023	CITY OF SULPHUR SPRINGS WATER DEPARTMENT	680.00	Client Assistance
78057	7/13/2023	COOPER PROPANE	800.00	Client Assistance
78058	7/13/2023	CSNT ORG PAYEE	364.00	SSA Client Fee
78059	7/13/2023	DIRECT ENERGY	1,641.15	Client Assistance
78060	7/13/2023	DISCOUNT SCHOOL SUPPLY	165.88	Head Start Supplies
78061	7/13/2023	FRANCES EVANS	160.00	Per Diem
78062	7/13/2023	Geraldine Best	500.00	Client Assistance
78063	7/13/2023	GEXA ENERGY	308.24	Client Assistance
78064	7/13/2023	GREEN MOUNTAIN ENERGY	2,430.93	Client Assistance
78065	7/13/2023	GREG'S MIRACLE MART	33.83	Vehicle Fuel
78066	7/13/2023	HAMILTON PROPERTIES	216.00	Client Assistance
78067	7/13/2023	Heartland Village	1,977.00	Client Assistance
78068	7/13/2023	HESS OUTLET	45.00	Client Assistance
78069	7/13/2023	HIEM Legacy Corp (Magnolia Garden)	5,450.00	Client Assistance
78070	7/13/2023	Intellicorp Records	57.80	Background Checks
78071	7/13/2023	JUST ENERGY	2,260.44	Client Assistance
78072	7/13/2023	KIRBY CERTIFIED SERVICE	260.00	Equipment Repair
78073	7/13/2023	LAMAR CO-OP	3,112.66	Client Assistance
78074	7/13/2023	LARRY WRIGHT	390.00	Client Assistance
78075	7/13/2023	MARGARETT JOHNSON	3,200.00	Client Assistance
78076	7/13/2023	MARIA S. CRUZ	600.00	Client Assistance
78077	7/13/2023	MOUNT PLEASANT HOUSING AUTHOURITY	316.00	Client Assistance

1045 - TEXANA
ACCOUNTS
PAYABLE
DISBURSEMENT
2   Check Register for the Month of July 2023

Check Number	Effective Date	Vendor Name	Check Amount	Description
78078	7/13/2023	MOUNTAIN VALLEY OF TEXARKANA	277.50	Drinking Water
78079	7/13/2023	MY ALARM CENTER, LLC.	42.79	Alarm
78080	7/13/2023	NELSON PROPANE	1,219.95	Client Assistance
78081	7/13/2023	NORTH HOPKINS WATER SUPPLY CORP.	282.00	Client Assistance
78082	7/13/2023	ODP BUSINESS SOLUTIONS, LLC	147.14	Office Supplies
78083	7/13/2023	OLGA LOVE	84.39	Reimb for Supplies
78084	7/13/2023	PEST-PRO SERVICES INC	250.00	Pest Control
78085	7/13/2023	POLLO BUENO	2,435.46	Annual Training Meal
78086	7/13/2023	POSITIVE PROMOTIONS, INC.	301.95	Office Supplies
78087	7/13/2023	PRIMROSE ESTATES	1,396.00	Client Assistance
78088	7/13/2023	REDWATER WATER & SEWER	340.00	Client Assistance
78089	7/13/2023	RELIABLE ALARM SERVICE, LLC	45.00	Alarm
78090	7/13/2023	RELIABLE MANAGEMENT	1,800.00	Client Assistance
78091	7/13/2023	RELIANCE MECHANICAL CONTRACTORS, INC.	399.00	Equipment Repair
78092	7/13/2023	REPUBLIC SERVICES #070	105.29	Utility
78093	7/13/2023	ROBBIE HUDSON	203.51	Per Diem
78094	7/13/2023	S.W. ARKANSAS TELE. CO-OP	240.57	Telephone & Internet
78095	7/13/2023	SAVANAH COATES	55.04	Mileage
78096	7/13/2023	SCHOOL SPECIALTY	6,131.74	Head Start Supplies
78097	7/13/2023	Sheri Ivey	160.00	Per Diem
78098	7/13/2023	SOUTHWESTERN ELECTRIC POWER	521.94	Utility
78099	7/13/2023	STACY HURLEY	160.00	Per Diem
78100	7/13/2023	TACAA, INC.	300.00	Fees
78101	7/13/2023	TEXARKANA WATER UTILITIES	566.21	Client Assistance
78102	7/13/2023	TEXAS ECONOMIC DEVELOPMENT COUNCIL	550.00	Membership
78103	7/13/2023	TOSHIBA FINANCIAL SERVICES	1,167.00	Copier Expenses
78104	7/13/2023	TRACY SMITH	270.00	Client Assistance
78105	7/13/2023	TXU-ASSISTANCE GROUP	8,086.29	Client Assistance
78106	7/13/2023	UPSHUR RURAL ELEC. CORP.	11,440.37	Client Assistance
78107	7/13/2023	VANCO SYSTEMS, INC.	203.90	Copier Expenses
78108	7/13/2023	WASTE MANAGEMENT CORPORATE SERVICES, INC.	180.43	Utility
78109	7/13/2023	WEX HEALTH, INC.	127.96	Employee Insurance
78110	7/13/2023	WILLIAM V. MACGILL	319.20	Head Start Supplies
78111	7/13/2023	XEROX CORPORATION	812.98	Copier Expenses
78112	7/20/2023	ABERNATHY COMPANY	351.12	Cleaning Supplies
78113	7/20/2023	ACE HARDWARE NEW BOSTON	13.95	Building Supplies
78116	7/20/2023	AEP-SWEPCO-EA	40,125.02	Client Assistance
78117	7/20/2023	AMERICAN EXPRESS	21,898.88	Travel & Supplies
78118	7/20/2023	ATLANTA UTILITIES	217.11	Client Assistance
78119	7/20/2023	ATMOS ENERGY	2,264.86	Client Assistance
78121	7/20/2023	BOWIE CASS	23,471.65	Client Assistance
78122	7/20/2023	BRASHEAR WATER SUPPLY CO.	2,666.12	Client Assistance
78123	7/20/2023	CAMCO ELEVATOR INC	150.00	Elevator Service
78124	7/20/2023	CENTERPOINT ENERGY	4,102.66	Client Assistance
78125	7/20/2023	CITY OF ATLANTA	255.00	Client Assistance
78126	7/20/2023	CITY OF LONE STAR	255.00	Client Assistance
78127	7/20/2023	CITY OF MOUNT PLEASANT	255.00	Client Assistance
78128	7/20/2023	CITY OF PITTSBURG	255.00	Client Assistance

1045 - TEXANA
ACCOUNTS
PAYABLE
DISBURSEMENT
2   Check Register for the Month of July 2023

Check Number	Effective Date	Vendor Name	Check Amount	Description
78129	7/20/2023	CRUMP'S IGA	39.02	Supplies
78130	7/20/2023	CYPRESS SPRINGS SUD	248.07	Client Assistance
78131	7/20/2023	ETEX TELEPHONE CORP, INC.	6,039.39	Telephone & Internet
78132	7/20/2023	FARMER ELECTRIC	2,200.00	Client Assistance
78133	7/20/2023	FERRELL GAS	1,060.90	Client Assistance
78134	7/20/2023	GHEKO DESIGNS	122.64	T-Shirts
78135	7/20/2023	HEALTHCARE EXPRESS LLP	303.00	Employee Testing
78136	7/20/2023	HEALTHJOY LLC	1,060.50	Employee Insurance
78137	7/20/2023	JUST ENERGY	2,240.98	Client Assistance
78138	7/20/2023	LAMAR CO-OP	1,793.38	Client Assistance
78139	7/20/2023	LINDEN FUEL CENTER	1,442.09	Vehicle Fuel
78140	7/20/2023	LOVING GUIDANCE, LLC.	5,070.00	Head Start Training
78141	7/20/2023	MAY'S LONE STAR FLOORING	189.00	Building Supplies
78142	7/20/2023	MCI	64.97	Telephone & Internet
78143	7/20/2023	MICHELLE MOREHEAD	34.00	Reimb for Fees
78144	7/20/2023	MICHELLE MOREHEAD	18.64	Reimb for Per Diem
78145	7/20/2023	MICHELLE MOREHEAD	229.96	Per Diem
78146	7/20/2023	NELSON PROPANE	273.00	Client Assistance
78147	7/20/2023	NEW POWER TEXAS	1,711.58	Client Assistance
78148	7/20/2023	ODP BUSINESS SOLUTIONS, LLC	1,907.69	Office Supplies
78149	7/20/2023	PITTSBURG CORNER EXPRESS	280.97	Vehicle Fuel
78150	7/20/2023	PULSE POWER	1,274.01	Client Assistance
78151	7/20/2023	QUEEN CITY WATERWORKS	255.00	Client Assistance
78152	7/20/2023	RELIANT ENERGY	725.81	Client Assistance
78153	7/20/2023	S & S ROOFING, INC.	1,074.00	Building Repair
78154	7/20/2023	SAM'S CLUB	77.12	Supplies
78155	7/20/2023	SHELLEY MITCHELL	25.74	Reimb for Supplies
78156	7/20/2023	SHELLEY MITCHELL	45.95	Reimb for Supplies
78157	7/20/2023	SOUTHWEST ARKANSAS ELECTRIC	2,590.37	Client Assistance
78158	7/20/2023	SOUTHWESTERN ELECTRIC POWER	987.39	Utility
78159	7/20/2023	STAPLES BUSINESS CREDIT	6,396.33	Office Supplies
78160	7/20/2023	TEXARKANA WATER UTILITIES	510.00	Client Assistance
78161	7/20/2023	TRICO LUMBER CO.	12.57	Building Supplies
78162	7/20/2023	TXU-ASSISTANCE GROUP	5,110.66	Client Assistance
78163	7/20/2023	UPSHUR RURAL ELEC. CORP.	2,200.00	Client Assistance
78164	7/20/2023	WILLIAM MICHAEL BERRY	249.85	Building Repair
78165	7/20/2023	WINDSTREAM	635.21	Telephone & Internet
78166	7/26/2023	AEP-SWEPCO-EA	2,359.50	Client Assistance
78167	7/26/2023	AFLAC	1,486.66	Employee Insurance
78168	7/26/2023	AMERICAN NATIONAL INSURANCE COMPANY	3.40	Client Assistance
78169	7/26/2023	AREA WIDE PROPERTIES	1,400.00	Rent
78170	7/26/2023	AT&T	82.43	Telephone & Internet
78171	7/26/2023	ATLANTA ISD	700.00	rent
78172	7/26/2023	BEN E KEITH CO	167.64	Head Start Groc.
78173	7/26/2023	BI-COUNTY WATER SUPPLY CORP.	255.00	Client Assistance
78174	7/26/2023	CANDIE HARRIS PETTY CASH CUSTODIAN	100.00	Petty Cash
78175	7/26/2023	CARLIN JOHNSON PETTY CASH CUSTODIAN	200.00	Petty Cash
78176	7/26/2023	CASTLE FAMILY DENTAL	2,000.00	Client Assistance

1045 - TEXANA
ACCOUNTS
PAYABLE
DISBURSEMENT
2　　　　　　　　　Check Register for the Month of July 2023

Check Number	Effective Date	Vendor Name	Check Amount	Description
78177	7/26/2023	CATHERINE EARLY PETTY CASH CUSTODIAN	100.00	Petty Cash
78178	7/26/2023	CENTERPOINT ENERGY ENTEX	99.72	Utility
78179	7/26/2023	CITY OF CLARKSVILLE WATER DEPT	255.00	Client Assistance
78180	7/26/2023	CITY OF COOPER	548.38	Client Assistance
78181	7/26/2023	CITY OF DAINGERFIELD	510.00	Client Assistance
78182	7/26/2023	City of Hooks	255.00	Client Assistance
78183	7/26/2023	CITY OF LINDEN	255.00	Client Assistance
78184	7/26/2023	CITY OF LONE STAR	255.00	Client Assistance
78185	7/26/2023	CITY OF MOUNT PLEASANT	2,295.00	Client Assistance
78186	7/26/2023	CITY OF MOUNT VERNON	255.00	Client Assistance
78187	7/26/2023	CITY OF NAPLES	255.00	Client Assistance
78188	7/26/2023	CITY OF PARIS	794.43	Client Assistance
78189	7/26/2023	CITY OF PITTSBURG	255.00	Client Assistance
78190	7/26/2023	CITY OF SULPHUR SPRINGS WATER DEPARTMENT	510.00	Client Assistance
78191	7/26/2023	COMMUNITY ACTION PARTNERSHIP	250.00	Membership
78192	7/26/2023	CONN AUTO SUPPLY	23.10	Vehicle Repair
78193	7/26/2023	FELICIA WILLIAMS PETTY CASH CUSTODIAN	100.00	Petty Cash
78194	7/26/2023	FRANCES EVANS-PETTY CASH CUSTODIAN	100.00	Petty Cash
78195	7/26/2023	GLENN B. LANIER	240.00	Rent
78196	7/26/2023	HOUSING AUTHORITY OF TEXARKANA, TX	500.00	Rent
78197	7/26/2023	HUGHES SPRINGS ISD	800.00	Rent
78198	7/26/2023	JIMMIE RAY AYERS	800.00	Rent
78199	7/26/2023	KAYE NELMS PETTY CASH CUSTODIAN	100.00	Petty Cash
78200	7/26/2023	LAKESHORE LEARNING MATERIALS	691.64	Head Start Supplies
78201	7/26/2023	MACEDONIA-EYLAU MUNCIPAL UTILITY DISTRICT #1	475.92	Client Assistance
78202	7/26/2023	MARENDA TRAYLOR PETTY CASH CUSTODIAN	100.00	Petty Cash
78203	7/26/2023	ODP BUSINESS SOLUTIONS, LLC	771.68	Office Supplies
78204	7/26/2023	PIONEER CROSSING	742.00	Client Assistance
78205	7/26/2023	R. MORGAN, LLC	950.00	Rent
78206	7/26/2023	REDWATER WATER & SEWER	255.00	Client Assistance
78207	7/26/2023	RELIANT ENERGY	70.88	Client Assistance
78208	7/26/2023	SCHOOL HEALTH CORPORATION	40.87	Head Start Supplies
78209	7/26/2023	SCHOOL NURSE SUPPLY, INC.	50.40	Head Start Supplies
78210	7/26/2023	SKAGGS TRAVEL STOPS INC.	32.25	Vehicle Fuel
78211	7/26/2023	SMALL BUSINESS ADMINISTRATION	641.00	Loan
78212	7/26/2023	SOUTHWESTERN ELECTRIC POWER	2,826.15	Utility
78213	7/26/2023	SUDDENLINK	31.83	Telephone & Internet
78214	7/26/2023	TEXANA LA	26.77	Petty Cash Return
78215	7/26/2023	TEXARKANA INDEPENDENT SCHOOL DISTRICT	3,882.00	Rent
78217	7/26/2023	TEXARKANA WATER UTILITIES	2,942.72	Client Assistance
78218	7/26/2023	TRI SPECIAL UTILITY DISTRICT	765.00	Client Assistance
78219	7/26/2023	TRICO LUMBER CO.	199.82	Building Supplies
78220	7/26/2023	TURNER DAVID K	1,000.00	Rent
78221	7/26/2023	VENUS HORNBUCKLE PETTY CASH CUSTODIAN	100.00	Petty Cash
78222	7/26/2023	VERIZON WIRELESS	3,150.03	Cell Services
78223	7/26/2023	WILLIAM V. MACGILL	147.70	Head Start Supplies
78224	7/26/2023	WILLIAMS CHAPEL BAPTIST CHURCH	2,487.18	Reimb for Utility

1045 - TEXANA
ACCOUNTS
PAYABLE
DISBURSEMENT
2   Check Register for the Month of July 2023

Check Number	Effective Date	Vendor Name	Check Amount	Description

1080 - TEXANA
NEW PAYROLL
CASH ACCOUNT

Check Number	Effective Date	Vendor Name	Check Amount	
6540	7/11/2023	SAVANNAH MADRID	1,049.29	Final Check
6541	7/11/2023	CAWANNA SPARKS	821.00	Final Check
6542	7/11/2023	PATRICIA FRIDAY	1,021.63	Final Check
Report Total			382,291.24	

COMMUNITY SERVICES OF NORTHEAST TEXAS
Balance Sheet
As of 7/31/2023

Assets

CASH IN BANK CHECKING	0.00
HEAD START CHECKING	0.00
DHS MEALS CHECKING	0.00
CSBG/CEAP/WX CHECKING	0.00
WEATHERIZATION CHECKING	0.00
DISBURSEMENTS CHECKING	0.00
FEMA CHECKING	0.00
ETCOG CHECKING	0.00
OLD - CEAP CHECKING (Do Not Use)	0.00
CEAP CHECKING (Do Not Use)	0.00
PAYROLL CASH ACCOUNT	0.00
IP Grant Checking	0.00
HOUSING CHECKING	0.00
LOCAL ADMIN CHECKING	0.00
CASH DONATIONS - LINDEN	0.00
CSBG Checking	0.00
CEAP Checking	0.00
Upshur Rural Checking	0.00
TLC Checking	0.00
CSBG 2012 SP	0.00
JEFFERSON CHECKING	0.00
BECKVILLE SR. CHECKING	0.00
CARTHAGE SR. CHECKING	0.00
HALLSVILLE SR. CHECKING	0.00
MARSHALL SR. CHECKING	0.00
WESTEND CHECKING	0.00
PITTSBURG SR. CHECKING	0.00
WASKOM SR. CHECKING	0.00
NEWSOME SR. CHECKING	0.00
CEAP UB CASH ACCOUNT	0.00
SALVATION ARMY CHECKING	1,852.69
HS ARRA CHECKING	0.00
CSBG ARRA CHECKING	0.00
CHILD CARE WELLNESS CHECKING	0.00
CSBG UB CHECKING	0.00
PARENT FUND CHECKING	0.00
CBA UNITED HEALTH	0.00
CBA CIGNA HEALTH SPRING	0.00
CSBG DISCRETIONARY	0.00
TEXANA ACCOUNTS PAYABLE DISBURSEMENT	639.10
TEXANA ACCOUNTS PAYABLE DISBURSEMENT 2	31,895.46
NEW DISBURSEMENT CHECKING	0.00
TEXANA CSBG A CHECKING	151,673.99
TEXANA CSBG B CHECKING	6,096.60
TEXANA CSBG DISCRETIONARY CHECKING	6,228.66
TEXANA HEAD START CHECKING	9,896.37
TEXANA CEAP A CHECKING	9,589.80

COMMUNITY SERVICES OF NORTHEAST TEXAS
Balance Sheet
As of 7/31/2023

TEXANA CEAP B CHECKING	3,840.47
TEXANA CBA UNITED HEALTH CARE CHECKING	0.00
TEXANA CBA CIGNA HEALTH SPRING CHECKING	0.00
TEXANA UPSHUR RURAL CHECKING	18,913.41
TEXANA TLC CHECKING	60,727.32
TEXANA LOCAL ADMINISTRATIVE CHECKING	90,849.08
TEXANA PAYROLL CASH ACCOUNT	0.00
TEXANA CLIENT FUNDS FOR SSA BENEFITS	3,285.79
TEXANA TBRA CHECKING	6,850.94
TEXANA POSTAL ACCOUNT CHECKING	200.82
TEXANA VET SERVICES NOW	0.31
TEXANA BANK YOUTH EMPOWERMENT CHECKING	20,671.68
TEXANA CSBG CARES CHECKING	3.63
TEXANA CEAP CARES CHECKING	16,673.33
TEXANA NEW PAYROLL CASH ACCOUNT	24,725.14
TEXANA EARLY HEAD START CHECKING	765.04
TEXANA CEAP ARP CHECKING	1.80
TEXANA INDIRECT COST RATE CHECKING	333,777.17
TEXANA ATMOS ENERGY 'SHARE THE WARMTH' PROGRAM CHECKING	21,668.31
TEXANA ORGANIZATION PAYEE FUNDS	1,380.00
TEXANA LOW INCOME HOUSEHOLD WATER ASSISTANCE CHECKING	80,985.75
TEXANA TEXAS HOMEOWNER ASSISTANCE FUND	3.22
ACCOUNTS RECEIVABLE - AISD	0.00
ACCOUNTS RECEIVABLE - Employee Reimbursement	0.00
ACCOUNTS RECEIVABLE - LKISD	0.00
ACCOUNTS RECEIVALBE - BISD	0.00
ACCOUNTS RECEIVABLE	0.00
GRANT RECEIVABLE	(137,002.31)
GRANT RECEIVABLE-ATC	0.00
GRANT RECEIVABLE-TIT	0.00
EMPLOYEE ADVANCE	0.00
GRANTS RECEIVABLE - USDA	0.00
PROMISES TO GIVE	0.00
DUE FROM OTHER FUNDS	0.00
DUE FROM DHS MEALS	0.00
DUE FROM WEATHERIZATION	0.00
DUE FROM FEMA	0.00
DUE FROM ETCOG	0.00
DUE FROM CEAP	0.00
DUE FROM DHS TRANSPORTATION	0.00
DUE FROM HOUSING	0.00
DUE FROM LOCAL ADMIN	0.00
RENTAL HOME DEPOSITS	0.00
PREPAID RENT	9,654.50
Prepaid Expense	0.00
PREPAID WORKERS COMP	0.00
PREPAID INSURANCE	8,811.10
PREPAID MAINTENANCE	0.00
Total Current Assets	784,659.17

Long Term Assets

COMMUNITY SERVICES OF NORTHEAST TEXAS
Balance Sheet
As of 7/31/2023

PROPERTY & EQUIPMENT	2,970,070.51
LAND	0.00
BUILDINGS	0.00
EQUIPMENT	0.00
ACCUMULATED DEPRECIATION	(1,528,217.26)
Total Assets	2,226,512.42

Current Liabilities

ACCOUNTS PAYABLE	0.00
ACCOUNTS PAYABLE-OLD BOX	0.00
ACCOUNTS PAYABLE - REALWORLD	0.00
ACCOUNTS PAYABLE - ACCR & ADJ	0.00
ACCOUNTS PAYABLE - VALLEY	0.00
GRANT PAYABLE	0.00
NEW ACCOUNTS PAYABLE	0.00
TEXANA ACCOUNTS PAYABLE	145,033.54
STATE UNEMPLOYMENT TAXES	0.00
Sales Tax Payable	0.00
WORKERS COMP PAYABLE	0.00
SUPPLEMENTAL INSURANCE PAYABLE	0.00
EMPLOYEE PORTION HLTH INS PAYABLE	0.00
Employee Insurance Repayment	0.00
Short Term Disability Payable	0.00
Long Term Disability Payable	0.00
DENTAL INSURANCE PAYABLE	0.00
VISION INSURANCE PAYABLE	0.00
CAFETERIA PLAN PAYABLE	0.00
AUL CONTRIBUTIONS PAYABLE	0.00
LIFE/DISABILITY INSURANCE	0.00
COBRA PREMIUMS PAYABLE	0.00
RETIREMENT PAYABLE	0.00
GARNISHED WAGES PAYABLE	0.00
INSURANCE W/H	0.00
MISCELLANEOUS PAYABLE	0.00
PAYROLL LIABILITIES - AUDIT	0.00
ACCRUED LIABILITIES	0.00
NOTE PAYABLE	150,000.00
DEFERRED REVENUE	0.00
RECIPROCAL ADJUSTMENT - ACCT 2000	0.00
RECIPROCAL ADJUSTMENT - ACCOUNT 2007	0.00
ACCRUED INTEREST PAYABLE	0.00
ACCRUED PAYROLL	0.00
ACCRUED VACATION	77,539.91
CONTIGENT LIABILITY	0.00
CONTINGENCY WX-QUESTIONED COST	0.00
DUE TO OTHER FUNDS	0.00
DUE TO HEADSTART	0.00
DUE TO DHS MEALS	0.00
DUE TO CSBG	0.00

COMMUNITY SERVICES OF NORTHEAST TEXAS
Balance Sheet
As of 7/31/2023

DUE TO FEMA		0.00
DUE TO DHS TRANSPORTATION		0.00
DUE TO LOCAL ADMIN		0.00
DUE TO STATE		0.00
	Total Current Liabilities	372,573.45
Net Assets		
NET ASSETS		69,642.18
NET ASSETS - EQUIPMENT		0.00
NET ASSETS - NON FEDERAL		0.00
NET ASSETS - SFSP		0.00
NET ASSETS - CHIPS		0.00
NET ASSETS - PROPERTY		0.00
PRIOR PERIOD ADJUSTMENTS		0.00
		69,642.18
	Excess Revenues over Expenditures	1,784,296.79
	Total Liabilities and Net Assets	2,226,512.42

Community Services of Northeast Texas, Inc.
P.O. Box 427 ▪ Linden, Texas 75563 ▪ 903-756-5596

Public Hearing Notice
Agency to Receive $443,472.00

Community Services of Northeast Texas, Inc. (CSNT) received notification that the budget total for the 2024 Community Services Block Grant (CSBG) will be an estimated $443,472.00.

The United States Department of Health and Human Services (HHS) has notified the Texas Department of Housing and Community Affairs (TDHCA) that the estimated 2023 Community Services Block Grant (CSBG) allocation is 31,921,741.00.

Community Services of Northeast Texas, Inc. will receive an estimated $443,472.00 for use in Bowie, Camp, Cass, Delta, Franklin, Hopkins Marion, Morris, Lamar, Rains, Red River, and Titus Counties.

Community Services of Northeast Texas, Inc. will hold a Public Hearing in Linden, Texas at 304 E Houston Street on August 29, 2024. The hearing will be held at 12 noon in the CSNT community center to allow residents to make suggestions as to how the monies could be spent.

These suggestions will be collected and sent to TDHCA for use in future planning. Currently funds are used primarily for operating costs with a small amount for direct services to clients who might otherwise be ineligible for certain federal programs. Another portion is specifically used to assist families with making the transition out of poverty.

The block grant funds CSNT as an umbrella agency, which allows the agency to administer other programs. The grant allows CSNT to act as a portal into available services for eligible families.

In 2022, Community Services of Northeast Texas received funding for twelve counties and served 7,322 families with the Community Service Block Grant.

I, _____a representative
               (representative name)

of_____ verify this notice
               (entity name)

was posted on _____at_____.
               (date)   (time)