



**Be the
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Contracts & Fiscal Monitoring

DSP In-Service 2024/2025

August 12, 2024

Presented by:

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Contract Highlights

- Effective Period
- Authorized Use of Funds
- Identifying Funding Source
- Pre-Contract Compliance Checklist
- Contract Packages



Effective Period

July 1, 2024 – June 30, 2025

Authorized Use of Funds

- Direction related to Authorized Use of Funds is provided in Attachment III, Smart Start Cost Principles, **updated July 1, 2023**
- Among the restrictions on the use of funds is the use of those funds to purchase or pay for services provided by PFC
 - i.e.: Rent, IT Services, PD&C Survey Services



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Identifying Funding Source: Community Engagement Policies



Should be used on banners, fliers, mailings, posters and any other materials printed in the interest of supporting the Smart Start funded activity. For assistance with logos, language or other related matters, contact Community Engagement Department.



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Pre-Contract Compliance Checklist



Each Direct Service Provider (DSP) is monitored both Programmatically and Fiscally. There are terms and conditions of the contract not covered by the monitors in those areas. The Pre-Contract Compliance Checklist is designed to fill in the gaps and ensure that the DSP is in full compliance with all of the terms and conditions of the contract.

Forms will be emailed to DSPs and made available on our website soon.



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July 16, 2024

FISCAL YEAR 2024/2025 DSP PRE-CONTRACTING NOTICE

The Partnership for Children of Cumberland County, Inc. needs the following items in order to complete development of your FY24/25 Direct Service Provider Contract:

Please use this document as a checklist as you prepare your Pre-Contracting Package for submission

- COMPLETED DSP Contract Authorization Form FY 24/25 with signature(s)
- Please submit formal authorization for the individual(s) named on the DSP Contract Authorization form to enter into contract binding the entity (i.e., bylaws, board minutes, etc.) via email to mdowney@ccpfc.org. If not submitting, please send email explaining why.
- COMPLETED IRS Form W9 with signature
- COMPLETED State Contractor Certification Form with signatures
- Vendor Direct Deposit Form with signatures – **you only need to provide this if your banking information has changed.** If you need this form, please email Michelle Downey (mdowney@ccpfc.org) and she will get the form to you.
- Proof of Insurance: The Direct Service Provider must secure and provide proof of insurance coverage. Provide a copy of the Certificate of Liability Insurance to mdowney@ccpfc.org (obtained from your insurance agency or carrier) that includes the name of the insured organization (policy holder), effective dates, and the amount of coverage for:
 - Commercial General Liability with a minimum combined single limit of \$1,000,000 for each occurrence
 - Hired and Non-Owned Automobile Liability Coverage (and Owned Auto Coverage if the DSP owns any vehicles) with a combined single limit of \$500,000 for bodily injury and property damage; a limit of \$500,000 for uninsured/underinsured motorist coverage; and a limit of \$2,000 of medical coverage.
 - Worker’s Compensation and Employer’s Liability Insurance with a minimum limit of \$500,000 covering all employees engaged in any work under this contract. For contracts with individuals, this insurance may not be applicable.
 - As applicable:
 - Directors’ and Officers’ Liability for Board members
 - Professional Liability
 - Special Events
 - Flood Insurance
 - Hired Auto Physical Damage

- For non-profit, private, for-profit, and corporate entities:** Fidelity Bonding/Employee Theft Coverage that covers the staff of the Direct Service Provider and any subcontractors involved in the handling of Local Partnership/Smart Start funds. Proof of coverage as outlined below must be submitted via email to mdowney@ccpfc.org
- a) When the total State funds exceed or are expected to exceed \$100,000:
- Policy must provide a coverage amount of at least 50% of the total funds provided by the Local Partnership
 - The Local Partnership **must be named as an additional insured or joint loss payee**
 - The Direct Service Provider must provide the Local Partnership with **Certificate Holder Status**
 - (Note: This coverage must be kept current through the fiscal year of the contract **and** the subsequent fiscal year)
- b) When the total State funds are expected to be less than \$100,000:
- Policy must provide a coverage amount of at least 50% of the total funds provided by the Local Partnership
 - The Local Partnership **must be named as an additional insure3d or joint loss payee**
- For non-profit, private, for-profit, and corporate entities:** Verification that the entity has received official corporate status (i.e., Secretary of State Certificate of Incorporation) must be submitted via email to mdowney@ccpfc.org
- For non-profit organizations:** Verification that the entity has received official notification of tax-exempt status (i.e., IRS determination letter) must be submitted via email to mdowney@ccpfc.org

*PLEASE NOTE: FOR INSURANCE COVERAGES TO INCLUDE FIDELITY BONDING/EMPLOYEE THEFT COVERAGE, PLEASE **DO NOT** SUBMIT YOUR POLICY DECLARATIONS. PLEASE CONTACT YOUR INSURANCE AGENT AND ASK THEM TO ISSUE A **CERTIFICATE OF INSURANCE**. YOU MAY PROVIDE THEM WITH A COPY OF THIS CHECKLIST SO THAT THEY MAY ENSURE YOUR COVERAGES MEET THE REQUIREMENTS.



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Contract Packages

Contracts will be executed via DocuSign, at 100% of anticipated/approved allocation.



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Fiscal Monitoring



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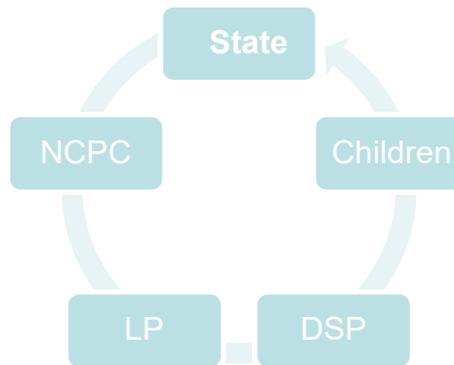


DSP Role

DSPs are individual community based organizations who are funded to carry out the Partnership's vision and mission.

Vision:

Successful children ensure a thriving community and long-term economic prosperity.



Mission:

Be the driving force to engage partners to achieve lasting positive outcomes for all children, beginning at birth.

Accountability



- North Carolina Early Childhood Initiative legislation requires NCPC to develop and implement a comprehensive standard fiscal accountability plan (GS §143B-168.12(a)(4)).
- Fiscal Monitoring addresses various contract compliance areas through supporting documents for financial transactions.



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Financial Status Reports (FSRs)

✓ FSRs are due to the Contracts Coordinator on the 10th of each month. If the 10th is not a weekday, they are due the next business day following the respective weekend or holiday.

✓ Remember, if an expenditure is incorrectly reported, an adjustment should be made on the next month's FSR following discovery (can not cross fiscal years).

✓ **CASH BASIS OF ACCOUNTING** is the accounting basis in which revenue and expenses are recorded in the period they are actually received and/or expended in cash.

✓ FSR forms will be emailed to fiscal contacts when contracts are executed. If you have questions, please contact Karen Staab at kstaab@ccpfc.org - (910) 826-3103 or Dottie Adams at dadams@ccpfc.org - (910) 826-3048



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Line Item Explanations

A sample of problem line items...



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#14 Office Supplies: It is important, especially in our new “normal” to remember that expenses for software user licenses/access (such as Zoom, DocuSign) are considered Office Supplies and should be coded and reported on Line 14. *These items are sometimes mistakenly considered and reported on Line 18 - Communications Expenses.*

#15 Service Related Items: Supplies used in the performance of service activity (ex: workbooks, craft items, demonstration tools and supplies). *Items that are used for reward or incentives given to program participants are reported on line 47 – Non-Cash Grants and Awards.*

#20 Printing & Binding: Printing, binding, copying costs for internal use only. *Services materials distributed externally are reported on Line 24 – Advertising and Outreach.*

#22 Meeting & Conference Expenses: Expenses related to meetings and conferences hosted/organized/presented by the DSP for program participants. *Expenses occurred by employees attending meetings/conferences held by outside parties are reported on Lines 23 and 17.*

#23 Employee Training (no travel): Expenses for tuition, registration, training materials, etc. *Mileage, food and hotel charges will be reported on Line 17 – Travel.*

#32 Insurance: Expenses for insurance such as General Liability, D&O, Professional Liability, etc. *Workers’ Compensation insurance is reported on Line 11 – Personnel.*

#43 Purchase of Services: Expenses for purchase of care (subsidized child care) services. *Expenses related to contracts with professional service providers (accountants, child care during meetings, contractors providing an element of the service activity) are reported on Line 12 – Contracted Professional Services.*



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Monitoring Preparation

- The Fiscal Monitor to select at least two months (2) to be monitored.
- You will receive an email from the Fiscal Monitor, typically at least 30 days before the site visit.
- The email will include a list of requested documents expected to be furnished to the Fiscal Monitor within 3 weeks of receipt of the notification email.

SUPPORTING DOCUMENTATION MAY INCLUDE:

- Copies of vendor invoices
- Cancelled Checks
- Receipts
- Timesheets
- Job Descriptions
- Cost Allocation Plan
- Classroom Attendance Sheets
- Internal Control Questionnaire
- Policies and Procedures
- Fixed Asset Inventory Log

Keep in Mind...



Cash Disbursements Must...

- ① be in compliance with the Smart Start Cost Principles;
- ② meet the objectives of the activity according to your CAD; and
- ③ be available in your budget.

As a reminder, budget revisions are not required for overspent items.

Cash Receipts: Sponsored program activities that require payment of fees by participants will be verified for proper coding to the Smart Start activity, accurately reported on the Program Income Report and are spent (or reverted) in accordance with the requirements.



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Keep in Mind...

Internal Control Questionnaire: This form provides information about who is responsible for the financial day-to-day activities and segregation of duties within your agency. When there is a small staff, segregation of duties is difficult, and we suggest your Board take an active role to ensure internal controls.

Property & Equipment: Any property and equipment \$500 and over. A Property Acquisition Form must be completed and attached to that month's FSR; a Fixed Asset Log must be maintained; and when the property and/or equipment is not in working condition, the Property Disposition Form must be completed in accordance with the instructions from the Partnership.



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Cost Allocation

- Direct cost allocation is specific costs that are unequivocally traced to a specific activity.
- Cost allocation is costs that benefit more than one activity and are charged to specific activities based upon a reasonable allocation methodology.
- The DSP should at a minimum:
 - Identify the categories of costs to be allocated
 - Identify and support the cost-benefit relationship
 - Identify the basis to be used to support the allocation
- Job Descriptions must support the manner in which the personnel costs are being charged.
- Cost allocation methodologies must be well-defined, reasonable, and used consistently.
- **Not Allowable:**
 - Estimates of square footage, staff time, supplies used, copies made, etc. are not acceptable.
 - Using budgets as the basis of allocation is not acceptable.

DSP Reporting & Auditing Requirements



NCAC Title 09 NCAC 03M, "Uniform Administration of State Grants," establishes reporting thresholds and requirements for non-governmental grantees and subgrantees of State funds. The reporting thresholds for Grantees that receive, use or expend State Funds within its fiscal year need to be submitted to the Local Partnership...

Less than twenty-five thousand dollars (\$25,000) within six months after the end of its fiscal year:

- A certification completed by the grantee Board and management stating that the State funds were received, used, or expended for the purposes for which they were granted; and
- An accounting of the State funds received, used, or expended.

At least twenty-five thousand (\$25,000) and up to and including five hundred thousand dollars (\$500,000) within six months after the end of its fiscal year:

- A certification completed by the grantee Board and management stating that the State funds were received, used, or expended for the purposes for which they were granted;
- An accounting of the State funds received, used, or expended; and
- A description of activities and accomplishments undertaken by the grantee with the State funds.

Greater than five hundred thousand dollars (\$500,000) within nine months after the end of its fiscal year:

- A certification completed by the grantee Board and management stating that the State funds were received, used, or expended for the purposes for which they were granted;
- An audit prepared and completed by a licensed Certified Public Accountant; and
- A description of activities and accomplishments undertaken by the grantee with the State funds.



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Fiscal Monitoring Results

The result of the fiscal monitoring outlines recommendations, infractions, issues and/or findings that were identified in the monitoring.

Recommendation: A recommendation is a suggestion that could improve your fiscal processes, and there will be no action taken if you choose not to respond.

(i.e., attach backup documentation to your monthly FSRs.)

Infraction: A contract non-compliance concern and/or miscalculation that can be and is corrected in a timely manner. You must respond and provide documentation of the completion of the corrective action.

(i.e., FSR expenditure was not reported and/or missed in the month that the expense was paid. Fiscal Monitor was notified of the miscalculation, and an adjustment was made on the following FSR.)



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Fiscal Monitoring Results (continued)



Issue: An infraction or a material internal control weakness that has been identified, is not corrected in a timely manner or continues throughout the fiscal year. The infraction has the potential to result in a finding.

(i.e., FSRs are continually not received by the due date set within the contract or expenditures not reported as cash basis accounting.)

Finding: An issue that cannot or is not corrected and results in non-compliance of the contract. May result in reversion of funds not properly spent.

(i.e., expenditures not adequately documented, expenditures that do not comply with the Smart Start cost principles, and/or not consistent with the intent of the program as defined in the Contract Activity Description.)



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Completion of Fiscal Monitoring

1. Draft Monitoring Report sent via email.
2. DSP responds to draft report with corrective action, if necessary, within **10** business days of receipt.
3. Final report issued.
4. Monitoring results submitted to Finance Committee, Executive Committee, and PFC Board of Directors for review and action, if deemed necessary.

***As appropriate, Action Plan prepared and sent via email. (OS Program only)*

System of Support (SOS) Program



System of Support – an intensive programmatic and/or fiscal technical assistance program developed to assist all activities to be **effective** and **successful**. The SOS program is designed as a method to prevent program and fiscal issues which could lead to non-compliance. Using our experiences, we identified commonalities that occurred in struggling program. Included in those are:

- *Reduction in program staff, excessive turnover of supervisory staff, or turnover in key staff positions.*
- *Funded by Smart Start for less than 2 years.*
- *Infractions, issues, and/or findings noted in the previous year's Formal Site Visit report.*
- *Involuntary budget reversions at the end of the previous fiscal year.*
- *Undertaking of a new direction per PFC guidance.*
- *Additional criteria may be identified by staff as we see possible concerns.*



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System of Support (SOS) Program



System of Support – Continued

All programs on the fiscal SOS will:

- *Develop an action plan with the Fiscal Monitor;*
- *Be required to furnish back-up documentation for selected line items along with each monthly Financial Status Report (FSR) to be desktop monitored; and,*
- *Receive one formal site visit and informal site visits as needed.*



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Budget Revisions and Amendments



A Quick Overview



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Budget Revision

- Any change to an individual activity's budget that does **not** change the total amount of funds budgeted for the activity.
- A budget revision alone does **not** require a Contract Amendment, except when it results from or affects an amendment to the Contract Activity Description (CAD).
- As a reminder, budget revisions are not required for overspent items unless the Partnership is submitting other budgets to NCPC for budget change approvals or for other reasons deemed necessary by Partnership staff.



Budget Amendment

- Any change to an individual activity's budget that **does** result in a change in the total amount of funds budgeted for the activity.
- A budget amendment **always** requires a Contract Amendment.



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Budget Amendment Approval Process

Submit

- DSP submits request by 10th of month to Contracts Coordinator
- Budget Change Sheet & Amendment/Revision Request Form

Review

- Finance Cmte Reviews & Executive Cmte Approves **OR**
- Board of Directors Reviews & Approves

NCPC

- After Executive or Board approval, submitted to NCPC by end of month
- If approved by NCPC, effective 15th of following month

Approval Process Example





Forms to Use?

- DSP Amendment/Revision Request Form
- AND**
- DSP Budget Revision/Amendment Justification Request Form

Forms will be emailed to DSPs upon request to Fiscal Monitor.



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Program Match Cash & In-Kind



Smart Start 19% (*13% must be cash*)
DSP – Minimum of 5% of Smart Start
funding*

Due Dates:

1 st Quarter (07/01-09/30/24):	10/14/2024
2 nd Quarter (10/01-12/31/24):	01/13/2025
3 rd Quarter (01/01-03/31/25):	04/14/2025
4 th Quarter (04/01-06/30/25):	07/14/2025



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Types of Allowable Contributions

- Cash Match
- In-Kind Goods
- In-Kind Services
- Non-Professional Volunteer Services (\$33.49/hour)
- Program Income



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Supporting Documentation



- Copies of Checks and/or Deposit Slips for Cash Donations and Program Income
- Copies of Checks and/or Deposit Slips, Attendance Records and Parent Contracts for Parent Fees
- Receipts, Invoices or Packing Slips for supplies/materials donated
- Copies of Utility/Facilities bills/statements/invoices (include proof of payment)



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Supporting Documentation (cont.)



- Calculations for Office/Classroom Space (include floor plan indicating space used by activity)
- Time Sheets & Certification of value of time for Staff Support
- Letter documenting donation or invoice reflecting donation or discount for Professional Services
- Signed receipt vouchers for Professional and Non-Professional Volunteer Services*



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Hints & Tips

Could it be paid for with Smart Start funds?

○Yes = ALLOWABLE

Was it paid for with State funds?

○Yes = **UN**ALLOWABLE

Can we document the contribution?

○Yes = ALLOWABLE

Was it used by the activity in this quarter?*

○Yes = ALLOWABLE

**Forgot to report a contribution? That's OK! Report the contribution in the next quarter, but use the correct date in the "Date Received" column!*

Questions?



Contract Contact

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Fiscal Contact

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