



COMMITTEE ROUTING	
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ACTION AGENDA SUMMARY

AGENDA DATE: June 22, 2021

COMMISSION AGENDA #: 7.A. (PUBLIC HEARING)

SUBJECT:

Public Hearing to Consider Approval of Amendments to the Policies and Procedures Manual

BACKGROUND:

The Children and Families Commission has an approved Policies and Procedures Manual to govern Commission and contractor operations. The current Manual can be found on the First 5 Stanislaus website on the Commission information page: <http://www.first5stan.org/commission.shtm>. Staff periodically review the manual and recommended changes are brought to the Commission for consideration.

Attached to this summary are the amended sections 506 and 506.4, noted in track changes, from the Policies and Procedures Manual and a new proposed Section 509 for use of gift cards. If approved by the Commission as presented, the Policy & Procedure Manual will be updated to reflect the policy revisions as well as authorization for minor, non-substantive changes, such as numbering and formatting, etc. The suggested changes to the Manual are summarized as follows:

- Modify Section 506 and 506.4 – Currently, the approval of the Executive Director or designee is required for any budget revision proposed by a contractor that would increase or decrease a line item by more than 10%, or for a budget revision that increases or decreases the subtotal of the Personnel, Services or Fixed Asset categories. The proposed change to this section would increase the current authorized rate from 10% up to the new rate of 20% for the authorized amount of expenditures made by Contractors on any line item in their budget before a budget revision would need to be requested. There would be no change to the language in regard to increases or decreases in the subtotal of the Personnel, Services, or Fixed Asset categories. While the change would allow some additional flexibility for contractors before a budget revision would be required, all contractors would still be required to stay within their total contract limits. The change gives an appropriate additional level of flexibility for contractors, while providing the appropriate level of oversight for First 5. This change would potentially decrease the number of budget revisions needed by contractors and would align with the practice of First 5 California. This subject has been reviewed with the First 5 outside auditor and is consistent with practices of other First 5 organizations.
- Section 509 Gift Card Policy and Procedures – This new Section for contractors in the Policies and Procedures Manual would establish written controls for the use of gift cards. The Commission does not currently have a gift card policy for contractors and the proposed policy is based on the policy currently in place at the Stanislaus County Auditor Controller Office (ACO). Having a gift card policy for contractors would add additional accounting controls and provide clarity and parameters to contractors on the appropriate acquisition and use of gift cards.

STAFF RECOMMENDATIONS:

1. Conduct a public hearing on the recommended revisions to the Policies and Procedures Manual.
 2. Adopt the Policies and Procedures changes as presented.
 3. Authorize staff to make minor, non-substantive changes to the Policies and Procedures Manual and to place the Manual on the First 5 Stanislaus website.
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FISCAL IMPACT:

There is no direct fiscal impact associated with this agenda item.

COMMISSION ACTION:

On motion of Commissioner _____; Seconded by Commissioner _____

And approved by the following vote:

Ayes: Commissioner(s): _____

Noes: Commissioner(s): _____

Excused or Absent Commissioner(s): _____

Abstaining: Commissioner(s): _____

1) _____ Approved as recommended.

2) _____ Denied.

3) _____ Approved as amended.

Motion: _____

Attest: _____

Kellie Edwards – Confidential Assistant IV

Section 506 – Contract Budgets and Budget Revision by Contractors

Policy:

It shall be the policy of the Commission to require Contractors to establish, at the time a contract is signed, an estimated expenditure budget for the contract. Contractor is responsible for management and monitoring of monthly expenses and budget to avoid overspending. Expenditures made by Contractors are not to exceed ~~420%~~ of any line item and are not to exceed the subtotal in the Personnel, Services, or Fixed Assets categories without a budget revision being submitted and approved by the Executive Director or his designee.

Commented [VA1]: Recommending 20%, increased from 10% to reduce the number of revisions needed and to align practice with First 5 CA, other First 5's and other County Departments.

Procedure:

506.1 Prior to the contract start date, the Contractor shall provide budget documents to the Commission for review and approval.

- Fiscal Year Budget form – annual line item budget
- Budget Narrative - describe and substantiate the line item budget amounts
Personnel Worksheet – describe the full time equivalent of each staff member allocated to program

506.2 Budget revisions initiated by the Contractor are to be submitted in advance of the proposed change by submitting a Budget Revision Form and a Budget Narrative Form. The Commission may choose not to reimburse expenses incurred prior to the approval of a submitted budget revision request. Budget revision requests may be submitted at any time between July and April of the fiscal year. Revisions may not be submitted during May and June.

506.3 Budget revisions should be used with great discretion on the part of a Contractor. A maximum contract amount should not be viewed as the Contractor's money, but rather as Commission funding approved to accomplish the goals of the budget plan that was approved. A budget plan is created for each contract and approved before the contract begins. This budget plan is the approved spending roadmap in order to achieve the Commission's priorities. If a Contractor is not expending funds in specific budget categories according to the plan, there should be no expectation by the Contractor to be entitled to maximum funding of the contract. Examples of funding for budget revisions that will not be approved by the Commission, and should not be submitted, include:

- Stocking up on supplies that are outside the scope or budget plan
- Purchasing for a different fiscal year
- The intention to expend unused funds to avoid "losing" the funding

506.4 Approval of the Executive Director or designee is required for any budget revision proposed by a Contractor that:

- Increases or decreases a line item by more than ~~420%~~
- Increases or decreases the subtotal of the Personnel, Services, or Fixed Asset categories

Section 509 – Gift Card Guidelines

Policy:

Contractors shall have internal control policies and procedures for the use of gift cards as an incentive for clients. Contractor must ensure established controls are followed and applied when purchasing gift cards using Commission funds.

Procedure:

509.1 Gift cards can only be purchased from those vendors providing appropriate services and supplies for the specific activities in the contract. Contractors are expected to follow reasonable use of gift cards (e.g. the dollar amount and number of cards distributed).

509.2 Gift cards must be used during the fiscal year they are purchased and may not be invoiced to the Commission until they been distributed to clients.

509.3 When purchasing gift cards, the following should be considered:

- Have the gift cards been pre-approved by Commission staff, either through an existing program budget or special request
- Does the selected vendor sell unallowable items such as tobacco products, alcohol, firearms, etc.? If so, the vendor may not be an appropriate choice and other vendor should be considered
- Anticipated need should be based on historic and anticipated future use along with current inventory balances. Additionally, gift cards should be distributed during the fiscal year they are purchased
- Inventory quantities shall be based on needs that do not exceed a month time period to ensure risk is kept at a minimum

509.4 Incentive gift cards shall be immediately safeguarded after being purchased. Gift cards must be placed in a safe or locked receptacle and stored in a properly secured location with limited access. Only employees with a clear and practical need shall have access to the gift cards.

509.5 A gift card inventory log shall be maintained on a perpetual basis. The log should document the following information for each gift card purchased:

- Vendor
- Gift card number
- Value
- Date purchased and date issued
- Client who received the gift card
- Name and signature of employee who distributed the gift card

509.6 A monthly reconciliation of gift card activity and balances shall be performed using the inventory log. Any discrepancies noted shall be resolved immediately. If discrepancies cannot be resolved then Commission staff shall be informed immediately.

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509.7 Supporting documentation for gift card purchases must be maintained for a minimum of five years from the termination or completion of the program contract and shall include disbursement logs, physical counts, reconciliations and any other related documentation.

509.8 Gift cards may not be used to provide food for trainings, conferences or group outings. Food or meal purchases must adhere to the guidelines outlined in Section 500.6 of this Policy.

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