



COMMITTEE ROUTING	
Administrative/Finance	<input checked="" type="checkbox"/>
Operations	<input checked="" type="checkbox"/>
Executive	<input checked="" type="checkbox"/>

ACTION AGENDA SUMMARY

AGENDA DATE: June 23, 2020

COMMISSION AGENDA #: 7.A (PUBLIC HEARING)

SUBJECT:

Public Hearing to Consider Adoption of the Policies and Procedures Manual

BACKGROUND:

The Children and Families Commission adopted a series of administrative, operational, monitoring, and financial policies to govern Commission and contractor operations upon formation. In order to make its policies and procedures more user-friendly and easier to locate, policies and procedures were combined into one document and the document was approved by the Commission as a Policies and Procedures Manual. The current Manual can be found on the Commission website on the Commission information page.

Staff periodically reviews the manual. Recommended changes are brought to the Commission for consideration. Periodically readopting the Manual ensures its provisions have been reviewed and eliminates any question as to the most recent version of the Manual. After review, changes are recommended by staff as needed.

Attached to this summary are pages of the Policies and Procedures Manual with highlighted suggested changes. If approved by the Commission as presented, the Policy & Procedure Manual will be updated to reflect all changes as needed, including numbering and formatting. The suggested changes to the Manual are summarized as follows:

- Add Section 407 that establishes a Committed Fund Balance policy and procedures to ensure for appropriate creation, documentation and use of committed funds as approved by formal action of the Commission.
- Modify Section 403 to increase the maximum amount of administrative expenditures for First 5 Stanislaus from 10% up to the new level of 15% to reflect the impact of decreased expenditures and revenue on the administrative cost percentage. This reference appears in the Policy section and also in 403.7.

The Administrative and Financial Committee, Operations and Executive Committee heard this item at their respective meetings in June 2020.

STAFF RECOMMENDATIONS:

1. Conduct a Public Hearing on the Policies and Procedures Manual and recommended revisions.
2. Adopt the Policies and Procedures changes as presented.
3. Instruct staff to update all necessary changes to the Manual and to place the Manual on the First 5 Stanislaus website.

FISCAL IMPACT:

There is no direct fiscal impact associated with this agenda item. Raising the administrative cost cap does not increase total First 5 spending, but it does change how total allocations might occur. It is anticipated that information from this agenda item may be used by the Commission to make future decisions about funding, contracts, and budgets.

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: _____

Veronika Carrasco – Confidential Assistant IV

Section 407 – Establishment and Use of Committed Fund Balance

Policy:

The Government Accounting Standards Board (GASB) has issued statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. This Statement is effective for financial statements with periods beginning after June 15, 2010 and includes the category of Committed Fund Balance.

GASB No. 54 defines Committed Fund Balance as “amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority.” The Commission serves as the highest level of decision making authority in regard to budget for First 5. There is also additional direction that Committed Fund Balance cannot be used for any other purpose. A committed fund can only be changed or removed from its commitment by a formal action of the Commissioners as the highest level of decision making authority in accordance with GASB No. 54. The formal action must occur prior to the end of the reporting period.

This policy sets forth the accounting guidelines and procedures for the establishment, use and tracking of Committed Fund Balance.

Procedure:

- 407.1.** Committed Funds shall be approved by formal action of the Commission in accordance with GASB 54.
- 407.2** Documentation of the Commission’s formal action through the meeting minutes shall be retained and used for purposes for any audit of Commission funds, or other reporting or documentation purposes.
- 407.3** A tracking mechanism, which may include the use of a spreadsheet, will be established for accounting purposes to document all use of funds associated with each/any Committed Fund established by the Commission. For any funds taken out of the Committed Fund, there needs to be an accounting for where the funds were moved, including the amount of funds and any other appropriate documentation.
- 407.4** Committed funds are considered a “source of funds” and not expenditures for accounting purposes. Committed Funds will appear as a break out of the Commission Fund Balance.
- 407.5** Committed Funds will be used first as a source of funds for expenditures that meet the intended use of the commitment and will only be used to implement the intention of the Commission as directed through their formal action of approval.
- 407.6** Committed Funds do not need to be used in the year they were committed.

407.7 Any Committed funds will be reconciled on a monthly, quarterly and annual basis for internal recordkeeping purposes.

407.8 An internal tracking mechanism will be maintained and available for the Commission's annual audit.

Section 403 – Administrative, Program, Evaluation Expenditure Categories and Limitations on Expenditures

Policy:

Expenditures made by the Commission shall be assigned to one of three categories: administrative, program, or evaluation. Actual expenditures in each category shall be reported to the Commission at least quarterly. In any fiscal year, actual Commission administrative expenditures shall not exceed ~~15~~⁴⁰ percent of the total amount budgeted in Fund 1755 (Children and Families Commission).

Procedure:

403.1 Administrative costs are defined as:

Costs incurred in support of the general management and administration of the Stanislaus County Commission, for a common or joint purpose that benefits more than one cost objective (other than evaluation activities), and/or those costs not readily assignable to a specifically benefited cost objective.

403.2 Program costs are defined as:

Costs incurred by the Commission readily assignable to a program, grantee, Contractor, or service provider (other than evaluation activities) and/or in the execution of direct service provision.

403.3 Evaluation costs are defined as:

Costs incurred by the Commission in the evaluation of funded programs based upon an accountability framework and data collection and evaluation for required reporting to state and local stakeholders.

403.4 The following chart illustrates one method of allocating administrative, program, and evaluation costs. By utilizing an appropriate allocation basis (square footage, timecards, etc.), costs listed in any one of these categories may be apportioned to any other category (payroll/benefits, rent, or utilities, for example).

COST CATEGORY EXAMPLES

Administrative Costs	Program Costs	Evaluation Costs
General Accounting / Financial Reporting	Direct Services	Evaluation*
Local annual reporting activities	Program Outreach and Education	Evaluation Technical Assistance
Financial Planning	Program Planning	Evaluation Database
Commission/Association Meetings/Travel	Program Grants and Contracts	
Payroll/Benefits	Program/Provider Technical Assistance and Support (Formerly Quality Assurance)	
Human Resources Services	Program Database Management	
Legal Services / Consulting		
Contract Compliance		
Audit		
Strategic Planning		
Rent		
Utilities		
Insurance		
Indirect Costs		
Maintenance / Janitorial		
Procurement		

**Includes conduct of focus groups and case studies, state evaluation report production, and presentation.*

- 403.5** In accordance with Section 130151(b)(7) of the California Health and Safety Code, at least quarterly, expenditures allocated to administrative, program, and evaluation categories shall be reported to the Commission.
- 403.6** At least annually, documentation of the results of the evaluation expenditures, in the form of a report of program outcomes, shall be delivered to the Commission. Measurements to evaluate the outcomes of funded programs shall include the use of applicable, reliable indicators.
- 403.7** In any fiscal year, actual Commission administrative expenditures, unless changed by vote of the Commission, shall not exceed ten percent (~~15~~10%) of the total amount budgeted in Fund 1755 (Children and Families Commission). At least quarterly, actual administrative expenditures shall be reported to the Commission and compared to the ~~15~~10% limit.

