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City of West Hollywood
Accounting Handbook
For Agencies Funded by the City of West Hollywood

Updated: January, 2024

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PREFACE

The purpose of this handbook is to establish accounting, internal control, financial reporting and contract administration standards for organizations (agents) which contract with the City of West Hollywood.

The accounting, internal control, and reporting principles presented are fundamental and are not intended to replace acceptable existing procedures and financial controls or preclude the use of more sophisticated financial accountability and reporting methods. Instead, the fundamental requirements represent minimum procedures and controls that must be embodied within each agent's accounting, internal control and financial reporting system.

FUNDING PHILOSOPHY AND PRACTICE

The City commitment to providing financial support for Social Services is unique among municipalities of its size. Some of the first actions undertaken by the founding City Council members were allocations to local non-profit agencies. The City of West Hollywood's philosophy is that local Social Services: (1) deserve the City's financial support; (2) respond collaboratively because of City involvement; (3) benefit from the network of providers created; and (4) can often offer services to West Hollywood community members which they could not without the City's financial support.

It is staff's responsibility and practice to assure that the City's funding is allocated to program costs which are not being paid for by other sources. City program monitors are assisted in this task by an outside Fiscal Consultant with whom the City contracts.

It is the City's practice to encourage agencies to use the City funds to provide "gap" funding in support of programs which receive other sources of funds. For example, a federal grant may not permit purchase of condoms or publication costs for "explicit" safer sex information, but it will support staffing for a prevention program. The City can thus fund the vital outreach piece of that program. Similarly, fee-for-service or cost reimbursement contracts may not cover all the expenses of a program. The City's funding acts as a complement to those contracts. The final contracts will not replicate or replace any existing sources of funding.

Excerpt from agency contracts regarding financial requirements

"ACCOUNTING, AUDITING AND REVENUE DISCLOSURE REQUIREMENT. The Operating Agency must establish and maintain on a current basis an adequate accrual or modified accrual accounting system in accordance with generally accepted accounting principles and standards. Operating Agency certifies that it has previously filed with City its most recent certified annual audit listing all revenue received by Operating Agency from Federal, State, County, or City sources, or other governmental agencies. Such statement reflects the name and a description of such project or business activity, the dollar amount of funding provided by each and every governmental agency to each such project or business activity, and the full name of each such governmental agency.

The Operating Agency shall make available for inspection and audit to City representatives, upon request, at any time during the term of this contract and during a period of five (5) years thereafter, all of its books and records relating to the operation of each project or business activity which is funded in whole or in part with governmental monies, including the project funded under this contract, whether or not such monies are received through City. All such books and records shall be maintained by the Operating Agency at a location within Los Angeles County.

The Operating Agency agrees that in the event the program established hereunder is subjected to audit exceptions by appropriate State and Federal audit agencies, it shall be responsible for complying with such exceptions and paying the City the full amount of City's liability to the funding agency resulting from such audit exceptions. The Operating Agency agrees to have an annual audit performed by an independent Certified Public Accounting firm if Operating Agency receives $50,000 (fifty thousand dollars) or more as a grant from City. A copy of the audited financial statements will be submitted to the City.

34. AUDITS. The Operating Agency's program will be audited in accordance with the City's policy and funding source guidelines. The City or its authorized representatives shall, at all times, have access for the purpose of audit or inspection to any and all books, documents, papers, records, property, and premises of the Operating Agency. The Operating Agency's staff will cooperate fully with authorized auditors when they conduct audits and examinations of the Operating Agency's program.

35. EXPENDITURES. Expenditures made by the Operating Agency in the operation of this contract shall be in strict compliance and conformity with the Budget set forth in Exhibit B (Budget) to this contract, unless prior written approval for an exception is obtained from the City Program Director or the Program Director's designee. Operating Agency may not charge the City grant for administrative overhead costs in excess of 7.5% of the City grant amount."

BASIS OF ACCOUNTING AND FINANCIAL REPORTING

Basis of Accounting

Agents may elect to use the cash basis, accrual basis or modified accrual method of accounting for recording financial transactions. Project Cost Reports or any invoices must be prepared on the same basis that is used for recording financial transactions.

The City recommends the use of **cash basis** for **reporting** financial transactions during the year for the Project Cost Reports:

A. Necessary adjustments must be made to record the accruals at the end of the contract period.

B. All computations, supporting records and explanatory notes used in converting from cash basis to the accrual basis must be retained.

Financial Reporting

1. Unless specifically requested otherwise by the City, each agent shall present a Project Cost Report to the City to report the financial activity for each three month period**.** These reports shall be prepared in the manner prescribed by the City's contracting department.

2. In its review of the fiscal expenditures, the City considers progress of funds being spent as part of the grant's performance of services. Thus, the City reserves the right to ask for additional reports, quarterly reports or information and data of the agent regardless of sources of funds. In order to assure that funds are available to supplement the grant award, each program **MAY** be required to submit a report at another reporting period for the contract period or be placed on another reporting cycle such as monthly.

3. The Project Cost Report and all related backup are due on the fifteenth calendar day after the end of the quarter. If the fifteenth calendar day falls on a weekend or holiday, the due date will be updated to reflect the next business day:

PROJECT COST REPORT Filing Due Dates		
3 Month Period Ended	**Report #**	**Due**
December 31	Quarter 1	January 17, 2023
March 31	Quarter 2 - Mid-Year	April 17, 2023
June 30	Quarter 3	July 17, 2023
	If needed, Budget Modification	August 15, 2023
September 30	Quarter 4 - Close-out	October 31, 2023

Note: The Quarter 4 Close-Out report has a due date at the end of October. If an agency encumbers grant expenditures by September 30, the grant expenditures are allowable if paid by October 31, thus the extended time for the fiscal report.

Reporting on Non-Grant Share

The City no longer requires a routine report for the non-grant share. In its review of funding, the City may consider the funding of all grants, the amount of non-grant income and expenses that the program has budgeted. In order to assure that these funds are available to supplement the grant award, each program **MAY** be required to submit a report of non-grant income and expenses for the contract period ended September 30.

For many agencies, quarterly financial reports as submitted to the Board of Directors of the Agency or its Board Finance Committee will be adequate for the City's needs. The City will accept any format which includes the following information:

- Name of the Agency and Program
- Dates Covered by the Report
- Sources of program income, including all sources shown on the program
- Income summary page
- Authorized program and fiscal signatures

Sources of Program Income

Each agency shall report quarterly on the sources and amounts of program income earned, directly or indirectly, as a result of City funding. The manner in which program income is reported shall be prescribed by the responsible City department.

ACCOUNTING SYSTEM

Accounting systems (including software applications) vary depending on the size of the agency. Larger agencies generally use a sophisticated more complex system and software application while the needs of smaller agencies are generally met by a simpler system and software application. Some agencies rely on third-party service providers for their accounting needs to the extent of full controllership services or in part related to specific tasks such as payroll or bill paying.

In all circumstances each agent shall maintain (unless otherwise approved) a double entry accounting system (utilizing debits and credits) with a General Journal, a Cash Receipts Journal, a General Ledger, and a Cash Disbursements Journal. The City recommends that a Payroll Ledger also be maintained. The General Ledger and Journals should be posted as required, but at least monthly.

General Journal

A General Journal shall be maintained for recording entries, reversing entries, closing entries, and other financial transactions not normally recorded in the Cash Receipts Journal or Cash Disbursements Journal. Entries in the General Journal must be adequately documented and entered in chronological order with sufficient explanatory notations.

Example:	Debit	Credit
Payroll Tax Expense	100	
Payroll Tax Payable		100

To record June payroll tax expense, payable July 15.

Cash Receipts Journal

A Cash Receipts Journal shall be maintained for recording all cash receipts (e.g., City warrants, contributions, interest income, etc.). The Cash Receipts Journal shall contain (minimum requirements) the following column headings:

- Date
- Receipt number
- Cash (debit) columns
- Income (credit) columns for the following accounts:
  - City payments
  - Contributions
  - Other income (grants, sales of supplies/services/rental income, miscellaneous revenue, fees, etc.)
- Description
  - (Entries in the description column must specify the source of cash receipts)

All checks shall be restrictively endorsed immediately upon receipt.

Cash Disbursements Journal

A Cash Disbursements Journal shall be maintained for recording all cash disbursements (e.g., rent, utilities, maintenance, etc.).

The Cash Disbursements Journal shall contain (minimum requirements) the following column headings:

Date
Check number
Cash (credit) column
Expense account name
Description (Disbursement Payee)

Separate expense columns are recommended for salary expense and other recurring expense classifications.

Entries in the description column must specify the nature of the expense and the corresponding expense classification if not included in the column heading.

Checks written to employees should be for payroll, expense reimbursements or petty cash and should have complete receipts and supporting documentation.

Check Register

A Check Register may be substituted for the Cash Disbursements Journal. If used, the Check Register must contain the same expense classifications and description information required when a Cash Disbursements Journal is used.

Disbursements without supporting documentation and proper approvals will be disallowed on audit.

General Ledger

A General Ledger shall be maintained with accounts for all assets, liabilities, fund balances, expenditures and revenues. Separate accounts must be maintained for each City program's expenses and revenues.

A Chart of Accounts shall be maintained.

The City recommends that agents use the expense account titles on the quarterly invoice submitted to the City.

If the agent uses account titles which differ from the account titles on the quarterly invoice, each account title must clearly identify the nature of the transaction(s) posted to the account.

Agents must consistently post transactions that are of a similar nature to the same account. For example, all expenses for travel shall be posted to the account title "travel" or "travel expense" and not intermixed with other expense accounts.

Payroll Ledger

The City recommends that a Payroll Ledger be maintained. The ledger should contain the following information about each employee:

- Name
- Position (title description matching approved description on contract)
- Employee ID number
- Salary (hourly wage)
- Payment record including:
  - Pay period
  - Gross pay
  - Itemized payroll deductions
  - Check number

Petty Cash Disbursements

A Petty Cash Fund may be maintained for payment of small (less than $35.00) incidental expenses incurred by the agent (e.g., postage due, small purchases of office supply items, etc.). Petty Cash disbursements must be supported by store receipts, petty cash vouchers, or other authenticated documentation that indicates the item purchased and the employee making the purchase.

Unsupported Petty Cash disbursements will be disallowed on audit.

The Petty Cash Fund shall be maintained on the Imprest system, i.e., a check should be drawn to the Petty Cash custodian to set up the fund and to make periodic reimbursements. Receipts, vouchers, etc., supporting each fund replenishment, must be bound together and filed chronologically. For the City grant purposes, the petty cash fund should be $100.00 or less. Also, it is recommended that Petty Cash be replenished to the $100.00 fund amount at least every 30-45 days.

ACCOUNTING RECORDS AND FILING

Retention of Accounting Records and Filing of Supporting Documentation

Record Retention

All accounting records (journals, ledgers, etc.) and supporting documentation (invoices, receipts, checks, vouchers, etc.) must be retained for a minimum period of five (5) years **after completion of the contract.**

Adequate care shall be exercised to safeguard the accounting records and supporting documentation. Any destruction or theft of the agent's accounting records or supporting documentation shall be immediately reported to the City. Unsupported expenses will be disallowed upon audit, resulting in overpayment assessments.

Filing and Storage

All relevant supporting documentation for reported program expenditures and revenues shall be filed in a systematic and consistent manner.

It is recommended that supporting documents be filed as follows:

Checks - numerically
Invoices - date/vendor name
Vouchers - numerically
Receipts - numerically
Timecards - date/alphabetically

Referencing

Accounting transactions posted to the agent's books shall be appropriately cross-referenced to supporting documentation.

For example, expenditure transactions on the agent's books must be cross-referenced to the supporting documentation as follows:

Invoices - vendor name and date
Checks - number
Vouchers - number

Revenue transactions must be cross-referenced to receipt numbers.

Supporting Documentation

Each agent shall maintain supporting documentation for all disbursements. Unsupported disbursements will be disallowed on audit.

Examples of supporting documentation required for various expenditure categories are as follows:

Personnel Services - payroll records, time and attendance records signed by the employee and approved by the supervisor, time distribution records by program (accounting for total work time on a daily basis) for all employees.

Employee Payroll Documentation - payroll records showing actual expenditures for CA-SDI, FICA, Medicare, etc. (FUTA expenses are not allowable expenses for agencies exempted by the I.R.S.).

Consultant Services -detail records of time spent and services provided, travel vouchers detailing purpose, time and location of travel, purchase orders and invoices for supplies, contracts for services as appropriate,
W-9 for 1099's and 1099 records all indicated approved by the agent's program manager. Use of consultants to fill in "acting" positions or salary/staff positions is generally a disallowed expense. Call your Program Administrator if you have questions.

Travel - travel policies of the agency (written), travel expense vouchers showing location, dates and time of travel, purpose of trip, and rates claimed; vehicle mileage logs showing dates, destination and headquarters,

purpose of trip and mileage. Out of state travel shall be preapproved by agency's program manager. No out of United States travel is allowed unless specifically approved by the City.

Operating Expenses - purchase documents such as purchase orders, invoices, requisition/stock received reports, bill of lading, etc., lease and/or lease agreements, contracts.

INTERNAL CONTROLS

Internal Controls

Internal controls safeguard the agent's assets from misappropriations or misstatement. Each agent shall prepare necessary written procedures establishing internal controls for its personnel. The agent shall instruct all of its personnel in said procedures and continuously monitor operations to ensure compliance therewith. The following internal controls are mandatory:

Cash Receipts

Program revenue shall be maintained in a separate bank account; if other funds are maintained in the account, program revenue must be clearly identifiable and posted to a separate general ledger account.

All income (including checks) shall be receipted by using pre-numbered receipts or other form of tracking within the accounting system to enable accountability for the complete and accurate recording of income.

Cash receipts shall be deposited daily and intact.

Duplicate deposit slips shall be retained and filed chronologically and shall contain sufficient reference information for comparison to the individual pre-numbered receipts and the Cash Receipts Journal. If electronically deposited, evidence of the deposit is to be retained with sufficient information to be reconciled to the receipts as recorded in the accounting records (e.g., cash receipts journal, detailed general ledger transactions, etc.).

An employee who does not handle cash or cash receipts shall record cash receipts in order to segregate duties.

All mail should be opened by a non-accounting staff person and all checks logged and endorsed with the agent's name (i.e. "XYZ Non-Profit, Inc.") and "For Deposit Only" before given to the accounting staff for deposit.

Disbursements

All disbursements, other than petty cash disbursements, shall be made by check, company credit card or electronic payment.

A second signature shall be required on all checks. Second party authorization shall be required for electronic payments including payments for company credit card statements (refer to individual use of company credit cards later in this section). If using a bill paying service, a second party is required to authorize payment before the processing by the bill paying service and a deduction from the bank account occurs. Evidence of such authorization must be maintained in sufficient detail to be able to observe individual invoiced amounts (invoice or other supporting documentation) paid within an authorized payment grouping. Such evidence is to be made available upon audit. The second party shall be independent from the cash receipts and disbursements process and is expected to review supporting documentation and expenditure approvals prior to payment whether by check, electronic payment, or through a bill paying service.

Checks shall not be payable to “cash” or signed in advance.

Voided checks must be mutilated and filed with cancelled checks.

Unclaimed or undelivered checks shall be cancelled periodically.

Supporting documents shall consist of invoices, contracts, purchase orders, and formal approved requests and include evidence of receipt of goods or the performance of services to be paid. A credit card statement should be accompanied by evidence of purchase receipts, invoices or other supporting documentation for the specific identification of all individual charges prior to submission for payment and second party authorization. Other expenditure supporting documentation may consist of electronic notifications or emails and are also subject to second party authorization as noted above prior to payment.

Supporting documents shall be marked “paid” whether retained in a hard copy (paper) form or retained electronically.

Supporting documents shall be referenced to check numbers or other form of payment used.

Payroll checks shall be distributed by persons not involved in timekeeping, preparing of payroll or reconciling of bank accounts.

Employee hiring and terminating, or pay rate changing, shall be approved in writing by persons independent of payroll functions.

All expenditure processing (purchase orders as well as the submission of online orders and other forms of expenditures), excluding petty cash purchases, shall be approved by a manager in accordance with the agent’s written policies and procedures (for example all non-recurring expenditures and recurring expenditures over $100). Use of company credit cards by employees should be within limits set

by the agent and approved by a manager prior to the credit card statement submission for payment. Additionally, one-time credit card charges over a certain amount (for example $300) should be approved by a manager before the charge occurs. Company credit cards should be limited in the total credit amount available (for example $1,000) and if possible, daily spending limits should be established by the issuing credit card company. Evidence of approvals should be retained in accordance with amounts and limits established by the agent and should be available upon audit. Such expenditure approval does not constitute approval of payments (disbursements) which is discussed in the second paragraph of this section.

Fixed asset purchases shall be approved by the agency's Board of Directors or their authorized representative.

A current listing of fixed assets shall be maintained, and a fixed asset inventory shall be conducted at least annually.

Security over fixed assets must be adequately maintained.

Bonding
All officers, employees and agents who handle cash or have access to the agent's funds shall be bonded.

Reconciliations
All bank accounts, interfund accounts, payroll accounts, petty cash accounts, etc., shall be reconciled at least monthly.

The monthly bank statement shall be received, opened, and reconciled monthly by someone independent of the receipts, disbursements and related approval functions.

All reconciliations shall be reviewed and signed off by supervisory personnel for appropriateness and accuracy.

FISCAL SITE VISITS AND FISCAL REVIEW

The City conducts periodic fiscal site visits – scheduled and unscheduled – as needed and as a part of a prudent business practice in funding the agencies. It is important for agencies to confirm a scheduled date and have the materials ready for the fiscal site visit.

The City of West Hollywood contracts with a fiscal consultant, who conducts most of the site visits. A letter with the list of documents and materials needed for the visit is sent well in advance so that agencies should be well prepared to keep the agreed-upon appointment.

Then, the Fiscal Consultant drafts the report and sends the draft to the agency first. The procedures and findings are discussed with the agency staff by the consultant. The agency has the opportunity to review the report and provide more backup or additional information as needed. Then, the consultant issues the report to the City's Social Services Division. The City reviews the report, approves final issuance, and sends it to the agency with a cover letter of action items including an amount due if there have been disallowed expenses charged to the City grant. In general, the site visit is conducted on a closed-out grant period, but may be conducted during a current grant period. This process may be revised depending on time constraints related to a required review and the needs of the City.

The City, at its discretion, may conduct additional fiscal reviews or fiscal site visits, particularly if an agency needs some technical assistance or is under an administrative review or probation status. These reviews may occur with very little advance notice.

OVERPAYMENTS

Method for Determining Overpayment Assessments

If, upon review, or at any other time during the contract year, it is determined that expenditures or revenues reported to the City and used to compute the agent's cash flow needs were incorrectly reported, the City shall adjust the subsequent invoice payment or take other appropriate action.

The total overpayment(s) shall be determined as follows:

Total Allowable Program Expenditures	$ XXXX
Less: Unallowable Expenditures per Audit	$ XXXX
Allowable Expenditures to be Reimbursed	$ XXXX
Less: Payments of City Funds	$ XXXX
Overpayment Due City	$ XXXX

Payments to Affiliated Organizations/Persons

Agents shall not make payments to affiliated organizations/persons for program expenses (services, rent, equipment, food, etc.) that exceed the reasonable cost for such expenses. The City shall be solely responsible for the determination of reasonable program costs. A reasonable cost shall be that price which would be paid by one party to another when the parties are dealing at arms-length.

Affiliated Organizations/Persons

Organizations/persons related to the agency by blood, marriage, domestic partnership or through legal organization (incorporation, partnership, association, etc.) will be considered affiliated for the purposes of this contract. These and any other potential affiliations should be reported to the City by the agency during the contract approval process and during the period/course of the contract. The City will make a determination of affiliations for purposes of contract administration.

Unallowable Expenses
Expenses by the agent to affiliated organizations/persons which exceed reasonable costs for such expenses will be disallowed on review. If these expenses were reimbursed by the City, overpayment assessments against the agent may result.

CONTRACT ADMINISTRATION

The City and its funding sources place great emphasis on the achievement of a high level of performance in the management of program funds.

The agent's management is responsible for ensuring that, in addition to the preceding accounting, internal control and reporting requirements, the following contract administration requirements are adopted and enforced.

Audits
The agent will make available for inspection and review for City representatives, upon request, during regular working hours, during the duration of the contract and for a period of five years thereafter, all of its books and records relating to the operation by it of each project or business activity which is funded in whole or in part with governmental monies, whether or not such monies are received through the City. All such books and records shall be maintained at a location within Los Angeles County.

Limitations on Expenditures of Program Funds

Expenditures Outside of Contract Period
Expenses charged against program funds may not be incurred prior to the effective date of the contract or subsequent to the contract termination date.

Appropriate and Necessary Expenditures
Only those expenditures as needed to carry out the purposes and activities of the approved program are allowable.

Examples of Unallowable Expenses
If you are uncertain about whether an item you plan to charge to the City contract is allowable within the budget category, please discuss your question in advance with the Program Administrator at the City. The list below is not comprehensive. It serves only to give you a general idea of what items are not allowed.

1) Salaries
Charges such as hiring fees, payments for recruiting or advertising job positions, moving costs or termination vacation pay-outs. (See also Limitations on Positions and Salaries p.14).

2) Non-cash expenses such as depreciation and amortization.

3) Allocation of an expenditure with a basis that includes donated costs. For example, if the rent for an agency or food for a food pantry program is donated, although you might record a fair market value for the donation to revenue and expense the appropriate amount, you may not charge those costs to the West Hollywood grant.

4) Advancing City of West Hollywood funds for the purposes or benefit of another non-profit or organization. For example, buying food coupons through another non-profit's fundraiser rather than directly from the supermarket chain.

5) Grant writing or grant award commissions.

6) Use of consultants for "acting" or vacant staff positions unless pre-approved, in writing, by the program's monitor.

7) Equipment costing over $500 per unit defined as nonexpendable property as described in the Property Management section below. Note: WEHO limits equipment costs to a unit (item) costing $500 or less or multiple units costing $500 or less limited in total to the budget line-item amount of $500.

8) Use of City of West Hollywood funds for the purchase of prepaid cards (e.g. Visa, Mastercard, etc.), gift cards, gift certificates, vouchers, or other similar use items, unless pre-approved in writing, by the program's monitor.

Allocation of Costs

For agents who operate many programs, or have more than one funding source, the agents shall allocate shared direct costs to the various programs or funding sources to which they apply.

The costs should be allocated on the basis most appropriate and feasible under the circumstances.

Examples: Number of hours spent
Number of employees
Number or residents
Number of meals provided
Square footage

The agent shall maintain proper documentation related to the allocation of expenses (e.g., timecards, timesheets or other summaries, evidence of square footage measurements, etc.). See page 12 for limitations related to funds provided under the City grant including examples of unallowable expenses.

Indirect Costs – Indirect Cost Pool

Certain indirect costs that cannot be directly identified with the benefit provided or with the objective of the project or program are generally grouped into an indirect cost pool. The basis for allocation of the cost pool and the resultant percentage rate (see limitation below) applied to the grant must be submitted to and approved in advance by the City. Examples of allocation methods are described on page 13. Depreciation and other non-cash costs and other unallowable costs cannot be included in the indirect cost pool.

Any indirect costs that are treated and reimbursed as direct costs for purposes of the grant cannot be included in the indirect cost pool. For example, if the grant reimburses an accounting salary or the executive director salary (whether in total or as an allocated cost) as a separate salary line item direct cost, such cost cannot also be included (in any amount) in the indirect cost pool. As a result, the agency will have to modify the calculation and application of their indirect cost pool for purposes of the City grant.

The City limits the indirect cost rate to 10% of the City's portion of the contract budget. Indirect costs can be varied among agencies; however, such indirect costs typically include administrative costs, facility costs of repairs and maintenance, personnel administration (human resources) salaries, computer/technical costs, Executive Director and accounting salaries.

Limitations on Positions and Salaries

The agent shall employ persons only for those positions listed in the contract or the attachments thereto.

The agent shall pay no salaries higher than those authorized in the contract or the attachments thereto.

For purposes of this contract, unless approved by the City in writing in advance, no employee shall hold more than one position in the same program.

For purposes of this contract, when an employee serves in the same or dual capacities under more than one contract, he/she may not charge more than 100% of his/her time to the contracts taken as a whole. For example, an employee may not charge their time to one contract 50%, another 30%, and another 30%.

For purposes of this contract, employees who work 40 hours per week shall be considered full-time employees. Employees who work less than 40 hours per week shall be considered part-time employees, and they shall be paid on a pro rata basis, unless otherwise approved in writing by the City.

The agency will make no retroactive salary adjustment for any employee without written approval from the City.

The agent will not pay salary expenses from City funds for leave time earned in non-City programs.

The agent will not pay employee severance pay from City funds.

Travel Expense Reimbursement

Allowability - Travel expenses to be allowed must be provided for in the contract.

Limitations on expenses - Travel reimbursement for transportation, meals and lodging shall not exceed travel allowances which are allowed by the City.

Insurance

Agents are responsible for securing required insurance coverage and maintaining it in force during the entire contract period.

Agents must immediately notify the City when required insurance is revoked, withdrawn or otherwise made ineffective.

Insurance shall include an endorsement naming the City as additionally insured.

Property Management

Equipment (nonexpendable property) shall **not** be purchased with program funds.

The agent shall assume responsibility and accountability for the maintenance of all nonexpendable property **leased or rented** with program funds.

Nonexpendable property is defined as any tangible personal property costing over $500 per unit and having a useful life of more than one year, real property and any interest in such real property, such as mortgage, trust deed, or other encumbrance of real property, and the funds received from the sale or any other disposition of any nonexpendable property or interest thereon.

The agent shall report promptly in writing to the City all cases of burglary, loss, damage, or destruction of nonexpendable property. The report shall contain, at a minimum, item identification, recorded value, facts relating to loss, and a copy of the law enforcement agency reports.

A property inventory must be made once a year.

Nonexpendable property purchased should be designated by funding sources on fixed asset schedules for five years after date of purchase or cessation of funding,

whichever comes last. Assets purchased by City funds within the five year time frame are reversionary, that is, they revert to the City of West Hollywood, and should be available to turn over to the City within 90 days of agent dissolution or cessation of funding by the City.

At no time will nonexpendable property be disposed of, transferred to another agency, or used for other than program purposes without written permission from the City.

Political Activity

No funds, materials, property, or services contributed to the City of the agency under this contract shall be used in the performance of any political activity, the election of any candidate, or the defeat of any candidate for public office.

Budget Modifications

There are two ways to modify the budget of the contracted agent for the City of West Hollywood grants:

1. **Routine budget modifications**. On or before August 15 of the contract period, call your Program Administrator to discuss your prospective modification. Then, submit the modification on your agency letterhead in the sample format (see forms in the back of this Handbook). Do not use the Project Cost Report form for this purpose.

2. **Close-out modifications**. You can submit minor modifications on the close-out Budget Modifications Report. These modifications are subject to approval by the City and can be disallowed. Once a Quarter 4 Cost Report that includes a close-out budget modification is received by the City, it cannot be revised or re-submitted. The City reserves the right to unilaterally disallow close-out budget modifications.

INSTRUCTIONS FOR FILING PROJECT COST REPORT

In order to report grant funded expenditures, please file this Project Cost Report with the program's assigned Social Services Program Administrator in the Social Services Division at the City of West Hollywood.

In the spaces provided, fill in the Agency name, Project name, Report cycle (Mid-year or Final), fiscal report preparer, and program director review sign-off. Please type or print legibly. Submit one original of the report to the City**. KEEP COPIES OF WHAT YOU SEND THE CITY – IT WILL BE YOUR ONLY RECORD.**

Column 1: Cost Category. These are the line-items in your budget which are funded by the City. List in order and in detail, do not summarize line items.

Column 2: Approved Budget for the Contract Period Fill in the dates of the current contract period. The budget amounts are available on the original budget filed with your contract or on your most recently approved budget modification.

Column 3: Costs Paid This Period. List the current period cash expenses for each category. The total of this column must equal the total of the current three month cash disbursements journal for your City of West Hollywood grant.

Column 4: Cumulative Expenses to Date. List the total cumulative costs to date. This is calculated by taking Column 4 from your previous report and adding to it Column 3 of this report. **Cumulative expenses cannot exceed the budget for any line item.**

Column 5: Remaining Balance. Subtract Column 4 from Column 2. This is the amount of remaining funds available in your current budget. **Negative amounts or overspending of any budget line is not allowed and should not be reported on this form.**

Certification: A representative of the fiscal department and program/administrator must certify this report and date it on the lines provided.

ATTACHMENTS: EACH AGENCY IS *REQUIRED* TO SUBMIT A PHOTOCOPY OF THE CURRENT CASH DISBURSEMENTS JOURNAL WHICH SUPPORTS THE CASH EXPENSES REPORTED IN COLUMN 3, AND A QUARTERLY CASH ADJUSTMENT FORM.

WHERE AND WHEN TO FILE: Send the completed form to the assigned Social Services Program Administrator, Social Services Department, City of West Hollywood, 8300 Santa Monica Boulevard, West Hollywood, CA 90069. Reports may also be submitted via e-mail. This report is due on the fifteenth calendar day after the end of the quarter. If the fifteenth calendar day falls on a weekend or holiday, the due date will be updated to reflect the next business day.

PROJECT COST REPORT Filing Due Dates		
3 Month Period Ended	**Report #**	**Due**
December 31	Quarter 1	January 17, 2023
March 31	Quarter 2 - Mid-Year	April 17, 2023
June 30	Quarter 3	July 17, 2023
	Budget Modification (if needed)	August 15, 2023
September 30	Quarter 4 - Close-out	October 31, 2023

Note: The Quarter 4 Close-Out report has a due date at the end of October. If an agency encumbers grant expenditures by September 30, the grant expenditures are allowable if paid by October 31, thus the extended time for the fiscal report.

Common Fiscal Report Errors – AVOID these!
1. The staff positions in approved budget different than those reported
2. Budget reported incorrectly, such as ½ of 12 month
3. Addition errors
4. Insufficient backup – check register back up needed
5. Detail of budget and expense line items was not included
6. Needed salary schedule worksheet with budget utilized
7. Budget was summarized on Project Cost Report, such as Program Costs in one line item. It should be broken out as listed on the approved budget, such as Outreach, Printing, Postage
8. Charge non-cash items such as depreciation or donated items used in the program
9. Salary spreadsheet was not correct, expenses on Project Cost Report did not match the backup

ATTACHMENT I:
BUDGET MODIFICATION NARRATIVE

XYZ Agency

August 1, 2020

Derek Murray (or your Program Administrator)
Social Services Program Administrator
City of West Hollywood
8300 Santa Monica Blvd.
West Hollywood, CA 90069

Re: Budget Modification

Dear Mr. Murray:

This letter is to request a budget modification for the City of West Hollywood Social Services Grant provided to the XYZ Agency. The XYZ Agency would like to make the following modifications:

1) Place two Case Managers on the Contract down to .5 FTE. This is in preparation for the next upcoming West Hollywood Contract. We will be moving the transferred portions to our contract with the Office of AIDS Programs and Policy because a position was just vacated in the OAPP contract.

2) Increase Attendant Care Services line item up to $26,418. After re-projecting the amount needed for West Hollywood clients, XYZ Agency found that the year-end figures will be higher than the original budgeted amount.

I have included a spreadsheet that will detail the above changes that XYZ Agency is requesting to our budget. Please do not hesitate to contact me should you have any questions.

Sincerely,

Jane Smith
Director of Programs

cc. John Jones, Director of Finance, XYZ Agency

☑ ***Budget Modification During the Grant Cycle-include a cover letter of explanation***

☐ ***FINAL Budget Modification (Due by 8/15)***

Agency:	XYZ	**Year:**	2018-2019
Program:	ABC		

Position Title	Monthly Salary	% Time on Project	# Months Employed	Budget - Pre-Modification	Budget Change Requested	Ending Budget
Case Manager	5,000	0.50	12	30,000	(1,500)	28,500
Case Manager	5,000	0.50	12	30,000	(4,000)	26,000
Ins. Specialist	3,000	0.25	12	37,000	-	37,000
LCSW/Home Health	7,000	1	12	20,000	-	20,000
				-	-	-
Total Salaries:				117,000	(5,500)	111,500
Fringe Benefit Costs:	***Cost Calculation:**					
FICA:	7.65%			8,951	(421)	8,530
SUI:	1.95%			2,282	(107)	2,174
Worker's Comp:	1.49%			1,743	(82)	1,661
Medical Insurance:	5.60%			6,552	(308)	6,244
Other (Detail):	0.00%			-	-	-
Total Benefits:				19,527	(918)	18,609
Total Personnel Costs:				136,527	(6,418)	130,109
Facility Costs						
				-	-	-
				-	-	-
				-	-	-
				-	-	-
Total Facility Costs:				-	-	-
Program Costs						
Food				40,000	-	40,000
Attendant Care				20,000	6,418	26,418
Dental Services				10,000	-	10,000
					-	
				-	-	-
				-	-	-
				-	-	-
				-	-	-
Total Program Costs:				70,000	6,418	76,418
Total Budget				206,527	0	206,527

* Benefit percentages vary

PROGRAM STAFF Submitted by:			
	Printed Name	**Signature**	**Date**
FINANCE STAFF Submitted by:			
	Printed Name	**Signature**	**Date**

CITY STAFF Approval		
	Signature	**Date**
CITY STAFF Approval		
	Signature	**Date**

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