

## **MANUAL OF PROCEDURES OF ACCOUNTING AND FINANCE**

I. **Title:**

This manual will be known as the "***Manual of General Accounting and Finance Procedures***".

II. **Introduction:**

The Manual of Accounting and Finance Procedures has been revised to establish general standards aimed at promoting efficiency, uniformity and sound administration of the funds designated to the Mayagüez-Las Marías Local Labor Development Area in order to comply with the WIOA law.

III. **Base Legal:**

This handbook is adopted and promulgated pursuant to the authority vested in the Board of Mayors and the Mayagüez-Las Marías Local Workforce Development Board in the Workforce Innovation and Opportunity Act (WIOA) of July 22, 2014, the rules issued by the Federal Government for the administration and oversight of funds appropriated by the Federal Government. Among them: *Code of Federal Regulations Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule. 2 CFR Part 200.301, 200.303*. In addition, by the applicable laws and regulations promulgated by the State and Municipal Governments regarding the administration of the funds. Based on this, it is also promulgated by Law No. 107, "Municipal Code of Puerto Rico" of August 14, 2020, as amended, and by the Regulations for Municipal Administration as approved in 2008 and revised in 2016.

IV. **Purpose:**

This manual is promulgated for the purpose of establishing the general procedures to be followed by the Department of Finance with the intent of providing guidelines and parameters that are in accordance with the Generally Accepted Accounting Principles for Government Entities, and in turn with the regulations and requirements of State and Federal Laws. with an emphasis on the Administration of Workforce Innovation and Opportunity Act (WIOA) Funds.

V. **Definitions:**

1. **Appropriations** – The maximum amount at which you are authorized to charge levies and expenditures for a particular purpose in accordance with what was approved in the budget for that fiscal year and subsequent changes by amendments.
2. **Chart of Accounts** – List of accounts used by an entity.
3. **Account** – The acquisition of a good or service in exchange for the payment of money.

4. **Allowable Costs** – The accrued expense for those activities and transactions of the subgrantee that are consistent with Federal Law and Regulations, the approved proposal, the Delegation of Funds Agreement and the Administrative Briefs issued or adopted by the Workforce Development Program (PDL) or the agency designated by the Governor. These costs must be incurred within the term of such a contract.
5. **Disbursements** – Any payment with WIOA funds, accounted for by the Service Provision Area of the Mayagüez-Las Marías Local Labor Development Area (ALDLMLM), through a duly authorized and approved payment voucher.
6. **Equipment** – Movable property with a market value greater than \$100.00 and a useful life of five (5) years or more, for the purchase of computer programming, a value greater than \$200.00 will be used.
7. **Expenditures** – Net decreases in those financial resources because of the acquisition of goods and services during a specific period, regardless of whether they were consumed in the operational activities of the current program year.
8. **Accrued Expense** – The cost of goods and services received during the term of the Delegation of Funds Agreement, whether they have been paid or invoiced.
9. **Lien (obligation)** – The total number of purchase orders and contracts issued, for which the goods and services have not yet been received. The lien is cancelled when the goods and services subject to such lien are received, or when it is certain that such goods and services will not be received within the period of validity of the Delegation of Funds Agreement.
10. **Materials** – Effects, appliances or parts, which ordinarily have a short life, which when used lose their identity or form an integral part of a property or equipment, which have a relatively low value and cannot be considered as equipment or movable property.
11. **Budget** – A rigorous projection of the cost of goods and services that will be received during the term of the Delegation of Funds Agreement and that will be necessary and reasonable to carry out the permissible activities contemplated in the Proposal.
12. **Local Area** – Service Provision Area (SDA) composed of the municipalities of Mayagüez and Las Marías.
13. **Paying Officer** – An officer or employee appointed by the Executive Director of the Local Area to make those disbursements made by the Local Area in the performance of its duties.
14. **Fiscal Year** – 12-month period beginning July 1 and ending June 30.

15. **Participants** – Beneficiaries of WIOA programs, activities, and services who receive payments from the Local Area for their participation.
16. **Individual Attendance Sheets** – The form where the participant's weekly attendance at the program activity during the pay period is recorded.
17. **Invoice** – The request for payment received from the employer, institution or contractor to the Local Area.
18. **Commercial Invoice** – The document in which a commercial enterprise requires payment for items or services sold to the Local Area. It must be a document identified with the letterhead or logo of the supplier company.
19. **Suppliers** – Commercial enterprises engaged in the sale of items, services, and products used for program administration, and selection and outreach activities on training and employment programs.

**VI. Organizational Structure – Office of Finance and Budget:**

The Office of Finance and Budget reports directly to the Chief Executive Officer through its Director of Finance, who is its principal officer. Among the basic duties and responsibilities of the Director is the planning and direction of all technical and administrative activities.

The Finance Area is primarily responsible for maintaining an effective accounting system to classify and record all transactions that affect the accounting of the Mayagüez-Las Marías Local Labor Development Area.

To carry out all functions appropriately and efficiently, the Office of Finance and Budget shall consist of at least the following posts:

*Director of Finance, Budget Analyst, Pre-intervention Officer, Paying Officer, Purchasing Officer and Property Manager.*

**VII. Budget Area Procedure:**

The Budget Analyst is responsible for keeping track of the annual budget as approved and delegated by the Workforce Development Program. Once the Local Area receives approval of the work specification:

1. The Analyst must record the budget for the fiscal year in the MIP.
2. Maintain budgetary control through levies ("Encumbrances"), to separate funds whenever requests for funds are received from the Program Area.
  - a. This allows you to separate funds for a purpose and identify the availability of funds for each subsequent budget line.

3. Continually review the Encumbrance Budget Report during each funding cycle to identify the need to modify the budget, if necessary.

**VIII. Procedures – Disbursement and Payment Transactions:**

The Paying Officer is responsible for making all disbursements related to payments to suppliers, service providers, participants, among others, complying with the following:

1. All disbursements must be duly documented by means of a Disbursement Voucher.
2. Disbursement vouchers must be authorized by the Chief Executive Officer or his/her Authorized Representative prior to accounting.
3. Proof of disbursements must be certified by the Director of the Department of Finance or his/her Authorized Representative.
4. After the receipt is signed in all its parts, you are ready to issue a check or disbursement.
5. The Paying Officer must maintain a Register of Checks and/or Vouchers.
6. The Paying Officer must punch all supporting documents on the disbursement receipt and proceed to file it.

**IX. Property Management Procedure**

The Property Manager shall maintain a detailed record of all Local Area assets in the Fas Gov system, including, but not limited to, the assigned property number, the specific location, and the personnel assigned to such equipment. This must:

1. Prepare a Certification for each employee that includes the equipment assigned for their use.
2. Receive the purchased equipment, register it in the system, and update the Certification.
3. Maintain a record that includes all equipment-related follow-ups and certifications.
  - a. Maintenance performed
  - b. Warranty Claims
  - c. Insurance claims
  - d. Equipment seizures

4. To make and certify an annual inventory that includes all the property of the Mayagüez-Las Marías Local Area in its custody.

**X. Pre-Intervention Procedures:**

The Pre-intervention Officer is in charge of reviewing all the documentation related to the disbursement of vouchers corresponding to the invoicing of suppliers and suppliers; and to the attendance sheets of the participants.

**A. Suppliers and Suppliers:** The Pre-intervention Officer must verify the following points regarding the invoices of suppliers and suppliers:

1. Verify that all invoices include the description of the service provided by the supplier. The invoice must be certified by the supplier.  
  
The receipt must include the due inspection receipt by the Local Area; and supporting documents such as lead, and purchase order.
2. In the case of suppliers, the invoice must be certified and contain the required supporting documents such as certification of the list of participants, copies of certificates, achievement reports and any other supporting documents as established in the contract.
3. Invoices related to Individual Training Accounts must be certified by the Program Area and contain as evidence the semester's enrollment and any other evidence.
4. Invoices for Job Training (OJT) must include invoice certification, monthly statement with assigned positions and signatures, evidence of attendance with hours worked and canceled checks, or evidence of direct deposit.

**B. Attendance Sheets (Payrolls) of Participants:** The Pre-Intervention Officer is responsible for verifying the following:

1. All time sheets must contain the time sheet.
2. All attendance sheets must be identified by the Project and by the period covered (fortnight).
3. Review contracts and policies related to support service and/or work experience and identify authorized hours and project start and end dates.

4. Review the funding allocation of the proposal contract.
5. Verify all related computations, initials per day attended, signatures and dates on the sheet.
6. After reviewing the payroll computed in MIP in the "Payroll" module and the corresponding disbursement receipt, it is signed and passed for the other required signatures.

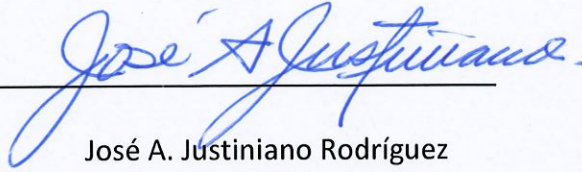
**XI. Purchasing Area Procedures:**

The Purchasing Officer is responsible for compliance with the following general procedures of the Purchasing Area:

1. Process Requisitions or requests to purchase materials, equipment, and/or services.
  - a. Verify all information in terms of specifications.
  - b. Initiate the quotation process or request prices and/or proposals.
  - c. Evaluate the quotes and prepare a report that includes recommendations to be presented to the Director of Finance and the Executive Director for final approval of the purchase.
    - i. A minimum of three available quotes or proposals is required.
2. Once the purchase has been awarded, proceed to register the purchase orders in the MIP system and print them.
  - a. Process the corresponding signatures on the purchase order.
  - b. Send the order to the supplier.
  - c. Deliver a copy of the purchase order to the Property Area.
3. Provide follow-up to the purchase orders issued.
  - a. Coordinate the delivery period with the supplier.
  - b. Follow up on the delivery of the invoice for the dispatched orders.
  - c. Status of the order in terms of validity, to cancel it if necessary.

I. Approval and Validity

This Procedure shall enter into force immediately upon its approval.



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José A. Justiniano Rodríguez  
Local Board President

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Date