Fiscal and Purchasing Policies and Procedures

September 1, 2026

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1.01 Cash Receipts

Cash receipts are collected and logged by the Executive Assistant. The Executive Assistant is required to issue a receipt for all cash received. Cash receipts are given to the Fiscal Department immediately after they are logged by the Executive Assistant. Each bank deposit made by the Fiscal Department is reconciled to the cash receipts log maintained by the Executive Assistant and against the general ledger cash account by the Fiscal/HR Manager.

1.02 Accounts Payable

Fiscal Specialist receives and reviews all invoices against approved check request/purchase requisition, purchase order and packing slip. If the invoice is 10% or more than the supporting purchase order the variance must be approved by the Executive Director, Program Director, or CFO before the invoice can be paid. In addition, the Fiscal Specialist ensures the purchase order is coded to the correct general ledger account.

Fiscal Specialist prints checks weekly. Before checks can be printed the Fiscal Specialist and another fiscal staff retrieve the amount of check stock necessary from a secured cabinet. The Fiscal Specialist will record the date and check stock numbers taken for the check run and sign their name in the log. The second fiscal staff will review the recording of the check stock numbers and then sign the check stock log.

Checks produced as a result of the check run will be presented to the Fiscal/HR Manager. The Fiscal/HR Manager will review the checks and back up documentation for correctness. The checks will then be forwarded to the Executive Director, Program Director, or CFO for review and signature. All checks must be signed by either the Executive Director, Program Director, or CFO.

1.03 Accounts Receivable

Accounts receivable will be established to cover current payable obligations. Accounts receivable general ledger account will be reconciled monthly.

1.04 Check/Stock Security

Checks and check stock are secured in the Fiscal Specialist office. Access to checks and check stock is available to only the fiscal staff. All check stock must be signed out using the check stock log. Two individuals from the Fiscal Department must sign and

attest to why the check stock was removed. The Fiscal/HR Manager will audit the check stock log monthly when performing the bank account reconciliation.

All checks waiting for review or signatures must be attended at all times. If not attended, checks must be locked in the Fiscal Specialist's office.

1.05 Federal Cash Draw Downs PMS (Payment Management System)

All cash drawdowns from the PMS are made after all invoices are processed for payment or received from the vendor in the cases of ACH transactions. This process reduces the federal cash on hand to the time it takes for the checks or ACH transactions to clear the bank. Following the recommendation from the Office of Head Start, PMS drawdowns for payroll are made before payroll is submitted for processing due to delayed processing times resulting from Federal awarding agency approval of payment request justification.

The Fiscal/HR Manager will review the Shasta Head Start general ledger cash account daily and request the funds needed to cover reimbursable expenses through the PMS.

1.06 Allowable Cost

All Head Start grant-related costs must be allowable in accordance to the guidance contained within the Notice of Award and 2 CFR Part 200, Subpart E.

1. Factors affecting allowability of costs

Except where otherwise authorized by statute, costs must meet the following criteria to be allowable under Federal awards:

a. Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

b. Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

c. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of Shasta Head Start.

d. Be accorded consistent treatment.

e. Be determined in accordance with generally accepted accounting principles (GAAP).

f. Not be included as a cost or used to meet cost sharing requirements of any other federally-financed program in either the current or a prior period.

g. Be adequately documented.

h. Administrative closeout costs may be incurred until the due date of the final report(s). If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the Federal agency. All other costs must be incurred during the approved budget period. At its discretion, the Federal agency is authorized to waive prior written approvals to carry forward unobligated balances to subsequent budget periods.

2. Reasonable costs

A cost is reasonable if it does not exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made to incur the cost. In determining the reasonableness of a given cost, consideration must be given to:

a. Whether the cost is generally recognized as ordinary and necessary for Shasta Head Start's operation or the proper and efficient performance of the Federal award.

b. The restraints or requirements imposed by such factors as sound business practices; arm's length bargaining; Federal, State, local, and other laws and regulations; and terms and conditions of the Federal award;

c. Market prices for comparable costs for the geographic area;

d. Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to Shasta Head Start, its members, its employees, its clients, the public at large, and the Federal Government.; and

e. Whether the cost represents a significant deviations from Shasta Head Start's established written policies and procedures for incurring costs.

3. Allocable costs

a. A cost is allocable to a Federal award or other cost objective if the cost is assignable to that Federal award or other cost objective, in accordance with the relative benefits received. This standard is met if the cost satisfies any of the following criteria;

(1) Is incurred specifically for the award;

(2) Benefits both the Federal award and other work of Shasta Head Start and can be distributed in proportions that may be approximated using reasonable methods; or

(3) Is necessary to the overall operation of Shasta Head Start and is assignable in part to the Federal award with these cost principles.

b. Cost allocable to a particular Federal award may not be charged to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by Federal statues, regulations, or the terms and conditions of the Federal award. However, this prohibition would not preclude Shasta Head Start from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

c. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. However, when those proportions cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c), the costs may be allocated or transferred to benefited projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved, when no longer needed for the purpose for which it was originally required.

4. Applicable credits

a. Applicable credits refers to transactions that offset or reduce direct costs or indirect costs allocable to a Federal award. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds, and adjustments of over-payments or erroneous charges. To the extent that such credits accruing or received by Shasta Head Start relate to allowable costs, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate.

b. In some instances, the amounts received from the Federal Government to finance activities or service operations of Shasta Head Start should be treated as applicable credits. Specifically, the concept of netting such credit items (including any amounts used to meet cost sharing requirements) must be recognized in determining the rates or amounts to be charged to the Federal award.

1.07 Program Cost Allocation Plan

Costs for the benefit of all Federal funded Head Start programs will be allocated based on an allocation plan. The allocation methodology will be maintained by fiscal and used to support the allocation of shared expenses.

1.08 Administrative Cost

Costs classified as development and administrative costs are costs related to the overall management of the program. These costs can be in both the personnel and non-personnel categories.

Shasta Head Start charges the costs of organization wide management functions as development and administrative costs. These functions include planning, coordination, and direction; budgeting, accounting, and auditing; and management of purchasing, property, payroll and personnel.

Development and administrative costs include, but are not limited to, the salaries of the Executive Director, CFO, Fiscal/HR Manager, Fiscal Specialists, HR Specialists, Purchasing Agent, Executive Assistant, and costs associated with volunteers carrying out administrative functions.

Development and administrative costs include expenses related to administrative staff functions such as the costs allocated to fringe benefits, travel, per diem, transportation and training.

Development and administrative costs include expenses related to bookkeeping and payroll services, human resources, audits, and bonding; and, to the extent they support development and administrative functions and activities, the costs of insurance, supplies, copy machines, postage, and utilities, and occupying, operating and maintaining space.

1.09 Contract/Lease Management

All contracts and leases are negotiated by the Executive Director, Program Director, or CFO and are maintained by the CFO.

The CFO also ensures that any facility lease where renovations of $350,000 or more were completed on the facility will include a Notice of Federal Interest in the lease.

1.10 Budgeting

a. Annually, a budget will be established by the Fiscal Department using input from the Policy Council, Board of Directors, Management staff, economic conditions, and funding sources.

b. All budgets will conform to grant guidance.

1.11 Notice of Award

Notice of Awards will be maintained by the Fiscal/HR Manager. The grant award will be recognized with the refunding application to ensure the accurate number of children to be served, program options, BASIC and Training & Technical Assistance funding, Indirect Costs, Non-Federal Share, etc., are reported by the Administration for Children and Families (ACF), Regional Office. Any differences will be reviewed with ACF by the and reconciled.

1.12 Financial Reporting

a. In order to measure the financial performance of Shasta Head Start, monthly financial statements will be produced by the Fiscal Department

and reviewed by Management, Policy Council, and the Board of Directors. The Fiscal/HR Manager will prepare the monthly financial statements by the 15th of the month following the month being reported. The monthly financial statements will include a statement of operations.

In accordance with Federal requirements, the monthly financial reports will also include: credit card expenditures, projections of expenditures to the end of the program year, administrative costs and non-federal share.

b. The Fiscal/HR Manager will reconcile all balance sheet accounts on a monthly basis. Any unusual balance sheet activity will be noted and reported to the CFO.

c. Bank reconciliations will be completed by the Fiscal/HR Manager 10 business days after receipt of the bank statement. Bank reconciliations will be reviewed by the CFO monthly. All activity will be reviewed. EFT payments will be compared to the source documents. Any suspicious transaction activity will be investigated. The bank reconciliation and supporting documentation will be presented to every member of the Board of Directors by the fourth Thursday of the month.

d. A report of all agency credit card usage and balances will be presented to the Board of Directors and Policy Council on a monthly basis.

e. The Agency will contract with a Certified Public Accountant to complete an annual audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 2 CFR Part 200, Subpart F.

The Finance Committee of the Board of Directors will select the accounting firm, receive the agency's audit report and management letter and develop a corrective action plan along with senior management staff. The corrective action plan will be reviewed monthly until all outstanding audit findings have been corrected.

1.13 Capital Assets

Shasta Head Start Child Development, Inc. will classify all assets with an initial purchase value of $10,000 or greater and a useful life greater than one year a capital asset. These assets will be included on the company's capital asset inventory schedule.

Any capital asset with a unit cost of $10,000 or more, including taxes, shipping and installation costs will be submitted to the board of directors for approval. Upon approval by the board of directors, the CFO will submit a request to the responsible HHS official requesting prior approval before the purchase is committed through a

purchase order or contract. HHS approval documentation will be maintained in the equipment file for a minimum of three (3) years after disposition of the asset and the close of the audit for the year in which the equipment was disposed.

a. The CFO is responsible for identifying capital assets using the criteria from above prior to purchasing the item. The purchasing agent completes and saves a capital asset addition form for all capital assets received to the shared folder.

b. The Purchasing Agent gives an asset tag, if applicable, to the Team Supervisor when a capital asset is received.

c. The Fiscal Specialist reviews the payment and supporting documentation to ensure the item meets the capital asset requirements and then records the item into the capital asset inventory schedule.

d. The Fiscal/HR Manager ensures the capital asset inventory schedule balances to the general ledger at all times.

d. Inventory is recorded on the general ledger at its original cost.

g. Assets added to the capital asset inventory schedule must include the following data elements; the funding source of the equipment including the award number, whether title vests in Shasta Head Start or the Federal government, description, manufacturer's serial and model number or other identifying number, calculation of the percentage of Federal share, acquisition date, unit acquisition cost, location and condition and date the information was reported, disposition type including the date of disposal and sales price or the method used to determine the current fair market value if Shasta Head Start compensates ACF for its share, and sales price, if applicable.

1.14 Capital Inventory Management

a. All employees responsible for company assets will be given access to a shared folder with an electronic file of the capital asset inventory to ensure the accuracy of the inventory file is maintained. All inventory dispositions occurring during the fiscal year must be documented by a Capital Asset Retirement form.

b. Every two years an inventory will be taken of all capital assets. This inventory will be conducted by the Fiscal Department and a report will be issued outlining any discrepancies identified during the inventory count. The report will be certified by the CFO and will include the date the inventory was completed and the accounting records adjusted for any corrections.

1.15 Payroll

Shasta Head Start pays its employees biweekly every other Friday. Employees are classified into two pay categories exempt and non-exempt.

a. Payrolls are processed by the Fiscal Specialist using electronic time reports approved by each employee's supervisor. All online electronic time reports must be reviewed and approved by each employee's supervisor before they are imported into the payroll software for check processing.

b. The Fiscal/HR Manager, and Fiscal/HR Specialist review all electronic payroll records to ensure each has supervisor approval and the time records appear to be reasonable. The Fiscal/HR Manager authorizes the Fiscal Specialist to post the employee time records to the payroll software.

c. After the Fiscal Specialist imports the employee time records and runs the payroll process, the Fiscal/HR Manager, Fiscal Specialist, and Human Resources Specialist review the pre-processed payroll for accuracy. If mistakes are found corrections will be made and the payroll will be pre-processed again. Once the Fiscal/HR Manager has approved the pre-processed payroll it is submitted for final processing. Shasta Head Start outsources its payroll processing. The outside company is responsible for processing payroll, W-2s, tax deposits, and State and Federal Payroll Tax returns.

d. The Fiscal/HR Manager reviews all quarterly and annual payroll tax return for accuracy.

e. Annually, a wage comparability study will be completed by the human resources department. The data collected by this study will be used to determine if staff wages are appropriate. If funding is available, an adjustment to the wage class least comparable to other wages in the area will be adjusted. If no funding is available for a wage adjustment, wages will remain static until such funds are available.

1.16 Non-Federal Share /In Kind/Matching Funds

Shasta Head Start will match at least 25% of federal funds under the Notice of Award terms and conditions. These matching contributions will be

documented and maintained by the fiscal department. The documentation will include at a minimum the following:

a. Rational and objective valuation of the material or service being contributed. Valuation documentation will remain in fiscal department and be updated annually.

b. In Kind is only allowable if it is something Shasta Head Start would pay for as an allowable expenditure under the Notice of Award terms and conditions.

1.17 Tax Reporting

Forms 990, 199, and 5500 are completed by Shasta Head Start's external auditors and reviewed by the HR/Fiscal Manager. The timeline for tax fillings are as follows;

Federal Tax Return 990	-	Due by April 15th
State Tax Return 199	-	Due by April 15th
Use Tax Return	-	Due by January 31st, April 30th, July 31st, October 31st
Form 5500	-	Due by July 31st
Form 5500 Welfare	-	Due by December 31st
Form Sl-100 Statement of Information	-	Due by February 28th every odd year
Form RRF-1 Renewal Fee Report for the State of California	-	Due by January 15th
County Tax Exemptions	-	Due by February 15th
County 571L	-	Due by April 1st

1.18 Head Start Grant Reports

Financial reports required by the Head Start grant are completed by the Chief Financial Officer. Obligations incurred during a Head Start budget period will be liquidated and financial activity reconciled in accordance with the Notice of Award and applicable ACF/OHS requirements.

a. SF-425 Semi Annual Report (Reporting period end date February 28/29th) is due by March 30th

b. SF-425 Annual Report (Reporting period end date August 31st) is due by November 30th

c. SF-429 Real Property Status Report (Reporting period end date August 31st) is due by November 30th

d. SF-425 Final Report is due 120 days after close of the project period

e. SF-428 Tangible Personal Property Report is due 120 days after close of the project period

1.19 Record Retention

Financial records supporting documentation will be retained for five (5) years following the filing of the tax return pertaining to those records. These records include accounts payable, payroll, general ledger, and financial statements.

All asset records will be maintained for 3 years after their final disposal date, except where a longer retention period is required by the funding source or applicable law.

Shasta will comply with all IRS record retention requirements where they exceed the five (5) year limitation previously indicated.

E-RATE records supporting documentation will be retained for ten (10) years after the later of the last day of the applicable funding year or the service delivery deadline for the funding request.

ERISA records supporting documentation will be retained for six (6) years after the filing date of the applicable ERISA report or disclosure.

If any litigation, claim, or audit is started before expiration of the applicable retention period, records involving the matter must be retained until all litigation, claims, or audit findings have been resolved and final action has been taken.

1.20 Insurance and Bonding

a. All assets will be protected by a property, employee fraud/crime, transportation and general liability insurance policy. The coverage limits will be adequate to cover and protect the company.

b. Board members and company officers will be covered under a Directors and Officers Insurance Policy.

c. A student accident insurance policy will be maintained to cover the children enrolled in the Head Start and Early Head Start programs.

d. An ERISA Bond will be maintained for at least 10% of the 401k plan assets.

1.21 Travel Per Diem Rates/Employee Mileage

Employees will be paid a per diem for meal expense incurred while on assignments more than 120 miles away from their normal work location. All

business travel must be approved in advanced by your area manager and a director.

Employee per diem rates will be based on the U.S. General Service Administration per diem rates. The per diem rate corresponding to the travel destination can be found on the following website.

Per diem rates | GSA
Upon approval of travel plans, employees should contact the administrative coordinator to ask for assistance in making travel arrangements.

If an employee is asked to travel more than 30 miles away from their regularly scheduled worksite, mileage will be paid at the IRS mileage reimbursement rate. Employees must provide current proof of insurance when submitting a request for mileage reimbursement. Employees are only reimbursed for mileage during working hours.

2.00 Purchasing Procedures.

Purchasing procedures are established to provide full and open competition, avoid conflict of interest and noncompetitive practices among contractors. Contract awards by Shasta Head Start will be made to the bidder whose bid is responsive to the solicitation and is most advantageous to Shasta Head Start, price, quality, and other factors considered. Solicitations shall clearly set forth all requirements the bidder shall fulfill in order to be evaluated by the Shasta Head Start. Any and all bids or offers may be rejected when it is in Shasta Head Start's interest to do so.

2.01 Purchase Requisition/Check Request

a. All purchases (except food purchases) must be initiated using a Purchase Requisition/Check Request. A purchase requisition is used to authorize the Purchasing Agent to procure the item requested. A check request is authorization for an employee to purchase an item and then later be reimbursed by accounts payable.

b. Food purchases can be made after the Team Supervisor, Head Teacher, or Site Supervisor has approved a shopping list. The approved shopping list must be signed by the Team Supervisor and submitted with the store receipt to accounts payable immediately following the purchase.

c. Employee compliance expenses, (background checks, fingerprinting, strength training, drug testing, EPN, and CPR), may be approved using one purchase requisition/check request per vendor for a calendar month.

d. All purchase requisition/check requests will be reviewed by the purchasing agent for proper approvals. Managers and Team Supervisors can approve

purchases up to $500 without director or CFO approval. Executive Director, Program Director, and CFO can approve purchases up to $25,000. All purchases and contracts not budgeted over $25,000 must be approved by the Board Chair. Asset purchases of $10,000 or more must be approved by the responsible HHS official. The purchasing agent will return all incomplete purchase requisition/check request to the originator for correction.

e. The Purchasing Agent will review each purchase and determine the best vendor based on agency need, price, quality, and availability.

f. The Purchasing Agent creates a purchase order in the accounting system and places the order.

g. The Purchasing Agent files the purchase requisition/check request and purchase order until the goods are delivered and received. When goods are received, the purchasing agent matches the packing slip with the purchase requisition and purchase order and forwards them to accounts payable.

h. The Purchasing Agent and HR/Fiscal Manager review the open purchase order report from the accounting system and research any orders that have not been received.

i. If any of the goods ordered fall under "1.13 Capital Assets", the equipment will be entered into the Capital Assets Inventory system.

2.02 Company Credit Cards

a. Company credit cards are in the custody of the following positions.

(1) Purchasing Agent

(2) Executive Assistant

(3) HR Specialist (Has the authorization to use the card for job advertising; with a purchase requisition/check request completed for each statement period and to use the card for employee permits requiring the employee's credentials to complete; with a purchase requisition/check request completed prior to use.)

(4) Facilities Coordinator and Faeility Maintenance (Has the authorization to use the card for emergency purchases up $1,000; however, a purchase requisition/check request must be completed within 10 days of purchase.)

(5) Facilities Coordinator (Has the authorization to use the card for purchases at Costco and Chef's store; with a purchase requisition/check request completed prior to use.)

b. The individuals using a company credit card must have an approved purchase requisition/check request prior to the cards use.

c. Fuel account cards are maintained with vehicle keys. Every vehicle has its own fueling card and must remain with the keys of that vehicle.

d. A monthly report of all credit card expenditures will be provided to the Policy Council and the Board of Directors.

2.03 Procurement Process

a. *Procurement by micro-purchases.* Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold. Shasta Head Start establishes a micro-purchase threshold of $50,000 through annual self-certification in accordance with 2 CFR §200.320(a)(1). Shasta Head Start will maintain the required justification, identification of the threshold, and supporting documentation for the annual self-certification. To the extent practicable, Shasta Head Start must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive price or rate quotations if Shasta Head Start considers the price to be reasonable.

b. *Procurement by simplified acquisitions.* Simplified acquisitions are those relatively simple and informal procurement methods for securing services, supplies, or other property that does not exceed the simplified acquisition threshold. If simplified acquisitions procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. Unless specified by the Federal agency, Shasta Head Start may exercise judgment in determining what number is adequate.

c. *Procurement by sealed bids (formal advertising).* Bids are publicly solicited through an invitation and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid conforms with all the material terms and conditions of the invitation and is the lowest in price. The sealed bids procurement method is preferred for

procuring construction services.

(1) For seal bidding to be feasible, the following conditions should be present:

(i.) A complete, adequate, and realistic specification or purchase description is available;

(ii.) Two or more responsible bidders have been identified as willing and able to compete effectively for the business; and

(iii.) The procurement lends itself to a firm-fixed-price contract, and the selection of the successful bidder can be made principally based on price.

(2) If sealed bids are used, the following requirements apply:

(i.) Bids must be solicited from an adequate number of qualified sources, providing them with sufficient response time prior to the date set for opening the bids;. Unless specified by the Federal agency, Shasta Head Start may exercise judgment in determining what number is adequate. For local governments, the invitation for bids must be publicly advertised.

(ii.) The invitation for bids must define the items or services with specific information, including any required specifications, for the bidder to properly respond;

~~(iii.)~~ All bids will be opened at the time and place prescribed in the invitation for bids. For local governments, the bids must be opened publicly;.

(iv.) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. When specified in the invitation for bids factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts must only be used to determine the low bid when Shasta Head Start determines they are a valid factor based on prior experience.

(v.) Any or all bids may be rejected if there is a sound documented reason.

d. *Procurement by proposals.* This is a procurement method used when conditions are not appropriate for using sealed bids. They are awarded in accordance with the following requirements:

(1) Requests for proposals require public notice, all evaluation factors and their relative importance must be identified. Proposals must be solicited from multiple qualified entities. To the maximum extent practicable, any proposals submitted in response to the public notice must be considered.

(2) Shasta Head Start must have a written method for conducting technical evaluations of proposals and making selections

(3) Contracts must be awarded to the responsible offeror ~~firm~~ whose proposal is most advantageous to Shasta Head considering price and other factors and

(4) Shasta Head Start may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby offeror's qualifications are evaluated, and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procure of architectural/engineering (A/E) professional services. This method may not be used to purchase other services provided by A/E firms that are a potential source to perform the proposed effort.

e. *Procurement by noncompetitive proposals.* Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

(1) The aggregate amount of the procurement transaction does not exceed the micro-purchase threshold;

(2) The procurement transaction can only be fulfilled by a single source;

(3) The public exigency or emergency for the requirement will not permit a delay resulting from providing public notice of a competitive solicitation;

(4) Shasta Head Start requests in writing to use a noncompetitive procurement method, and the Federal agency or pass-through entity provides written approval; or

(5) After soliciting several sources, competition is determined inadequate.

2.04 Contracting Procedures and Provisions

In addition to other provisions required by the HHS agency or Shasta Head Start, all contracts made by the Shasta Head Start under the Federal award must contain provisions covering the following, as applicable.

a. Contracts for more than the simplified acquisition threshold, currently set at $350,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

b. All contracts in excess of $10,000 must address termination for cause and for convenience by Shasta Head Start including the manner by which it will be effected and the basis for settlement.

c. Shasta Head Start will obtain written approval from the responsible HHS official before using Head Start funds, in whole or in part, to contract for construction or renovation services. Construction and renovation contracts funded in whole or in part with Head Start funds will be paid on a lump-sum fixed-price basis. Shasta Head Start will obtain prior written approval from the responsible HHS official for contract modifications when required under 45 CFR §1303.55. Such contracts will provide the responsible HHS official or designee access to the facility at all reasonable times during construction and inspection.

d. Equal Employment Opportunity. Except as otherwise provided under 41 CFR part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and

implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

e. Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of $2,000 awarded by Shasta Head Start must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Ppart 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The Shasta Head Start must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The Shasta Head Start must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. Shasta Head Start must report all suspected or reported violations to the Federal awarding agency.

f. Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by Shasta Head Start in excess of $100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

g. Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of "funding agreement" under 37 CFR 401.2 (a) and Shasta Head Start wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," Shasta Head Start comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

h. Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended—Contracts and subgrants of amounts in excess of $150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

i. Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR part 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

j. Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award exceeding $100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.