2026-2027 Local Partnership Fiscal and Operational Guidelines

Effective July 1, 2026. Printed August 2026.

For detailed information about approved programs, please see the *Local Partnership Program Guidelines*.

About SC First Steps

South Carolina First Steps to School Readiness was established in 1999 by the South Carolina General Assembly to close the gap on students' preparedness for success in school. The 1999 legislation outlined the duties of the state and local boards. SC First Steps was permanently authorized on July 1, 2023 and became a standalone state agency on July 1, 2024. To learn more visit SC First Steps.

SC First Steps is also a nonprofit organization. Each Local Partnership has "group exemption status" as part of the SC First Steps tax exempt status and has a separate EIN.

Unlike most nonprofits, SC First Steps Local Partnerships (LPs) are established in legislation. Consequently, LPs are responsible not only to nonprofit law and best practices, but also to the mandates of the enabling legislation. Examples of these additional legislative requirements include board membership criteria and partial delegation, personnel and procurement policies, and advance approval for all Executive Director compensation.

SC First Steps is directed by legislation to carry out three distinct tasks: 1) recruit and manage state-funded 4-year-old kindergarten in private centers, private, and charter schools; 2) coordinate the work of the Early Childhood Advisory Council; and 3) support the establishment and oversight of county partnerships.

First Steps 4K

The Child Early Reading Development and Education Program (CERDEP) Act created the full-day, 4-year-old kindergarten program for qualifying children within South Carolina. The legislation tasked the SC Department of Education and SC First Steps with administering and overseeing the 4K program and coordinating with providers statewide. Collaboration between First Steps LPs and local 4K sites is encouraged. To learn more, visit First Steps 4K - SC First Steps.

Early Childhood Advisory Council (ECAC)

Established in state statute, the ECAC includes the directors of state agencies, elected officials, state-level early childhood leaders, members of the business and medical communities, parents, and early childhood educators. Among its 13 legislated responsibilities, the ECAC is charged with serving as the "governing body for a unified and integrated data collection system" and developing and maintaining "parent knowledge-building activities, including web-based portals to inform parents of all publicly-funded early childhood programs and services." To learn more visit Early Childhood Advisory Council - SC First Steps.

The SC First Steps Board of Trustees has approved the 2025-2030 Strategic Plan. The complete plan is included as Appendix A.

Accounts Payable

Most purchases should be paid to established vendors through business accounts and timely invoicing.

UHY may assist with any documents required to set up a business account or payment terms with vendors.

SC First Steps operates on a net 30 accounts payable cycle, meaning the Local Partnership (LP) has 30 days to pay after receiving an invoice. *LPs should not agree to terms with a vendor that require payment sooner than 30 days.*

When a Local Partnership receives an invoice, the following steps should be followed:

1. The invoice should be reviewed for accuracy. Inaccurate invoices should be returned to the vendor for correction and resubmission.
2. The invoice should be entered into the financial management system within three (3) business days after receipt, and coded to the appropriate fund, program, and account code that corresponds to the expense.
3. Each invoice must have appropriate approvals before the bill is paid. All invoices, regardless of amount, require at least two approvals. Approval amounts may not exceed the approval schedule below:

LP Budget (less in-kind)	*Department Manager/Director Approval*	*Executive Director Approval*	*Board Chair or Treasurer (this authority should be clearly defined in LP internal controls and/or bylaws)*
<$500,000	$0-$150	$151-$1,000	$1,001+
$500,000-$1,000,000	$0-$250	$251-$2,000	$2,001+
$1,000,000-$5,000,000	$0-$500	$501-$2500	$2,501+
$5,000,000+	$0-$1,000	$1001-$5,000	$5,001+

4. Invoices payable to Executive Directors for any reason must be approved by the Board Chair or Board Member designated by the Board to approve invoices, regardless of the amount. Executive Directors may not be the final approver on invoices payable to themselves.

5. Once all required approvals have been obtained in the financial management system, UHY will review the submission for accuracy and appropriate approvals and process for payment. Inaccurate submissions will be rejected and must be corrected and resubmitted by the LP.
6. *LPs are prohibited from initiating or allowing a vendor to initiate a bank draft for payment prior to an invoice being entered and fully approved in the financial management system.* Any such transactions will be denied by UHY until the approved invoice has been completed.

It is critical that invoices are entered in a timely fashion to ensure vendors are paid within 30 days. It takes a minimum of 3 to 5 days for an invoice to be processed and approved for payment. UHY must then review the invoice and approvals to ensure accuracy. The check must then be cut and mailed, which can take another 7 to 10 business days or more for the check to be delivered. Holding an invoice for multiple days before submitting it for payment can result in late payment and late fees.

Accounts Receivable

Local Partnerships (LP) receive payments from a variety of sources including state funding, private funding, donations, and payments for outside grants or contracts. When possible, LPs should opt to receive funds through the Automated Clearing House (ACH), commonly referred to as electronic payments. ACH is the safest method for receiving payments. UHY can assist with setting up an ACH for any funds the partnership is to be paid. At times, it may be necessary for an LP to receive check payments or cash donations. Procedures for receiving ACH, check, and cash payments are outlined below:

ACH

1. When the LP is informed that it will receive a payment via ACH, the LP should complete the Deposit Remittance Form, which will be provided by the SC First Steps finance team.
2. The Deposit Remittance Form must be complete and include the amount of the payment, the company or the name of organization sending the payment, and the fund and program where the payment should be applied. Any back-up documentation should be attached, including communication from the funding source, grant agreement, etc.
3. The completed Deposit Remittance Form should be submitted to UHY within 5 business days from the date the LP is made aware of the deposit.
4. UHY will confirm receipt of the funds in the bank account and credit the revenue to the proper fund.

Checks

1. The LP must complete the Deposit Remittance Form and include the amount of payment, the company or organization's name that issued the check, and the fund and program where the payment should be applied. Any back-up documentation should be attached, including communication from the funding source, grant agreement, etc.
2. LPs may mail the check and the completed Deposit Remittance Form to UHY for deposit into their account. The Deposit Remittance Form may be sent electronically instead of mailed.
3. For LPs with a local branch of First Citizens Bank, checks may be taken to the local branch for deposit. The LP should retain the deposit receipt. The deposit receipt and completed Deposit Remittance Form should be emailed to UHY immediately after the deposit is made.
4. UHY will confirm receipt of the funds in the bank account and credit the revenue to the proper fund.
5. Checks must be deposited or mailed to UHY for deposit within two (2) business days of receipt.

Cash

1. For LPs with a local branch of First Citizens Bank, cash may be taken to the local branch for deposit. The LP should retain the deposit receipt. The deposit receipt and completed Deposit Remittance Form should be emailed to UHY within two (2) business days.
2. UHY will confirm receipt of the funds in the bank account and credit the revenue to the proper fund.
3. For LPs without a local First Citizens Bank branch, contact the SC First Steps finance team for cash deposit instructions.
4. Cash must be deposited or processed per instructions from the SC First Steps finance team by the next business day after receipt.

The SC First Steps finance team will provide LPs their First Citizens' banking information (routing number and account number) upon request.

Address Changes

Local Partnerships (LPs) must share an upcoming change to their physical address with SC First Steps and UHY 30 days in advance of relocating.

Annual Audits and Financial Statements

After the end of each fiscal year, an outside audit firm contracted by the state of South Carolina will complete a financial audit of each Local Partnership (LP). This cost is covered by SC First Steps.

The audit firm will review financial transactions of the prior fiscal year and may ask for explanations or justification on any item of the LP or UHY. It is important to answer any questions asked in a timely manner.

At the conclusion of the audit, the audit firm will produce an audit report and financial statements. LPs will be provided a draft for review and approval. An audit finding occurs when the auditors identify weaknesses in internal controls, non-compliance with requirements, or other significant issues. LPs that receive an audit finding may be placed on corrective action depending on the nature of the finding and the steps made to correct the issue. *Audit findings must be shared with the local board and that action must be recorded in meeting minutes.*

Annual Reports

Local Partnerships (LPs) will be asked to submit information for their local annual report in August each year. LPs are asked to provide a professional headshot and letter from their Executive Director and Board Chair, the mission statement, a personalized program success story, a list of board members, and a list of donors. The information is due September 1 every year. SC First Steps staff design the annual report for each LP and provide copies for local distribution. The local annual report is an important opportunity for each LP to share the challenges and successes within its local early childhood system of care and education.

Annual reports should be distributed in a timely manner to board members, community partners, legislative representatives, program participants, and other key stakeholders. LPs should retain at least one copy annually for historical record keeping.

Back-up Documentation

Back-up documentation is any detailed receipt, contract, packing slip, or other written documentation that verifies a financial transaction. SC First Steps reserves the right to request back-up documentation from Local Partnerships (LPs) on any financial transaction. All back-up documentation must be loaded into the financial management system.

See “Procurement” section for additional guidance on back-up documentation requirements.

Bank Accounts

Local Partnerships (LPs) must have only one operating bank account, which is managed by UHY. UHY sends monthly bank statements to LP Executive Directors and Board Chairs for their review and recordkeeping. All correspondence with the bank must be completed by UHY. LPs are prohibited from making bank transactions other than the depository instructions listed in the "Accounts Receivable" section of this policy manual.

See "Endowments" section for information about endowment account.

Board Compensation

Local Partnership (LP) board members may not be compensated for any reason other than mileage for LP-related travel out of town. SC First Steps may cover travel costs for LP board members related to training events in Columbia, SC.

Board Composition

Local Partnership (LP) boards must, as required by legislation:

• Abide by the composition requirements contained in the SC First Steps legislation (Section 59-152-60(C)):
  - Appointed members shall comprise a voting majority of the board.
  - Elected Members
    - No more than four (4) may be elected members.
  - County Delegation Appointments
    - Each county delegation shall appoint six (6) members.
    - Each county delegation shall appoint members from the local coverage area for DSS, DHEC, and Head Start or Early Head Start, based on the recommendation from local entities.
  - County Council Appointments
    - Each county council shall appoint one (1) member based on the recommendation of the local county public library staff.
  - Public School District Board Appointments
    - Each local public school district board shall appoint one (1) of its employees to serve as a member.

• Hold annual elections for partnership board officers (Chair, Vice Chair, Secretary, Treasurer). Officer terms are for one (1) year. Board Chair and vice chair terms cannot exceed 4 years (4 consecutive, one (1) year terms).

• Ensure elected Board Members adhere to a current term on the board not to exceed 8 consecutive years (2 consecutive four-year terms). A break in board service for elected Board Members must be at least six (6) months.

- All board members regularly attend meetings in accordance with SC Statute and local partnership By-Laws.
- Appointed Board Members serve four-year terms with no term limits, or as determined by the local legislative delegation.

• Provide new members a comprehensive board orientation that addresses, at minimum:

- First Steps mission/vision, structure, policies/procedures/standards for operation.
- Local Partnership administrative, financial and planning documents, including a summary of current program strategies.

• Publish board member rosters in the Local Partnership's Annual Report and ensure they are reported annually to the LP's legislative delegation and are on file with SC First Steps (Section 59-152-60(A).

Branding

Local Partnerships (LPs) must adhere to SC First Steps branding guidelines and follow the logo and name usage and attribution requirements outlined below for all First Steps-funded or First Steps-affiliated activities.

Authorized First Steps Local Logos

- LPs may use only their officially issued First Steps local logo (with county designation).
- Local logos may not be altered, redesigned, recolored, re-proportioned, or combined with other marks.
- LPs may not create new versions, sub-brands, taglines, or visual treatments of the First Steps name or logo.
- Logo files must be obtained from official First Steps brand assets and used according to specifications in Appendix B.

Use of First Steps Name

- The SC First Steps name may be used to describe affiliation, funding, or participation in First Steps-supported initiatives.
- LPs may not use the First Steps name or logo in a way that implies they are a state agency or acting on behalf of the state beyond their authorized role as a local partnership.

Required Attribution and Credit Lines

- All materials, programs, events, or communications funded in whole or in part by SC First Steps must include a credit line acknowledging First Steps support.

- Credit lines must use approved language and be clearly visible and proportional to the level of First Steps funding or involvement.
- When multiple funders are listed, SC First Steps must be credited consistently with other primary funders and may not be omitted or minimized.
- Attribution is required across all public-facing channels, including print, digital, social media, websites, event materials, and promotional items.

Communications and Public-Facing Materials

- This policy applies to all public-facing materials, including but not limited to:
    - Websites and landing pages
    - Social media posts and graphics
    - Printed materials and promotional items
    - Event signage and backdrops
    - Press releases and media materials
- LPs are responsible for ensuring vendors, contractors, and partners comply with this policy.

Review and Approval

- SC First Steps reserves the right to review branding and attribution on public-facing materials related to First Steps-funded activities.
- LPs must correct branding or attribution issues upon request.
- Continued noncompliance may result in corrective action as outlined elsewhere in these guidelines.

Detailed logo specifications, approved credit line language, and examples are provided in Appendix B. Appendix B may be updated periodically to reflect brand system updates.

Budget Development

The purpose of the budget is to assist in planning financial resources needed for each program offered by the Local Partnership (LP) as well as administrative expense needs. Expenses should be budgeted following the chart of accounts (fund code-program code-account code). See "Chart of Accounts" section for additional information.

Budgeted items must be reasonable and necessary to support the operations of the LP.

LPs should only budget for *confirmed sources of revenue* for the fiscal year. If an additional single grant or single restricted donation is received after the budget has been finalized that creates a material change in the expected revenues and expenses (>10% of total budget), the budget can be amended to reflect the change. For additional sources of revenue that change the organizational budget by less than 10%, the resulting additional revenues and expenses would create a known variance to the original budget but the original budget would not be amended. Confirmed revenue means that the funds have been promised in writing and signed by the individual with authority to approve funding.

If funding is reimbursement based, LPs should only spend against that fund at the same pace in which it is received.

There are four primary budget categories: Administration, Program, Core Functions, and Match. Each of these have a cap or minimum requirement. Additional details below:

Budget Category	*Description*	*Budget Limitation*
Administration	Governance and operation of the LP -Partnership Board activities -SC First Steps meetings/webinars/calls -Finance and Operations (unless for a single program)	STATE FUNDS LIMITATION: No more than 13% of state fund expenditures within a fiscal year may be spent on Administration
Program	Program operations/execution of services Activities associated with one or more program strategies that have been approved by the SC First Steps Board of Trustees for operation by the LP	STATE FUNDS LIMITATION: At least 75% of state fund expenditures within a fiscal year must be used for Programs. At least 75% of state funds spent on programs must be spent on **evidence-based** programs

Core Functions	Activities related to early childhood systems building. Examples include: -Increasing awareness of First Steps and LP services -Recruiting clients -Increasing awareness of the importance of early childhood development and promoting early learning opportunities -Connecting families with early childhood services -Costs associated with leading, or being a member of, a coalition or inter-organization group working on one or more issues impacting preschool children and their families.	No more than 12% of state fund expenditures within a fiscal year may be spent on Core Functions.
Fundraising		No expenses related to the cost of fundraising may be allocated to state funding.
Match	Cash or in-kind contributions to the LP	A minimum of 15% of budget must be in-kind match
Office Space	LPs are required to maintain a physical presence and normal operating hours.	
Professional Development (not required by program model)	Includes training costs for staff and board. Some training and the related costs are covered by SC First Steps.	No more than 1% of total budget may be allocated to professional development.
Promotional Items	Bags, pens, t-shirts are other items with logos.	No *state* funding may be used to purchase promotional items.

Budget Reallocations

Local Partnerships (LPs) should monitor revenue and expenses in all categories monthly, quarterly, and annually.

LPs should code expenses based on the nature of the expense, even if this means that expense category will be over budget. Under no circumstance should an LP code an expense based on the account with available budget instead of coding it by the nature of the expense. LPs should be able to explain what caused an item to be significantly over the budgeted amount.

When it is determined that a reallocation may be needed, Executive Directors in partnership with local Board Chairs should submit a budget reallocation request.

Local Partnerships may have a variance to the original budget by account code up to 10% of the total program budget with the same program as long as the total for each fund does not change. For example, program ABC has a total budget of $80,000 and is funded by $50,000 from Fund 1 and $30,000 from Fund 2. In this case, 10% of $80,000 (or $8,000) may be reallocated within each fund to different codes within the ABC program.

When in doubt about budget reallocations, contact the SC First Steps finance team, which will assist with determining if a budget reallocation is needed.

Local Partnerships are responsible for adhering to any grant budget modification restrictions imposed by non-SC First Steps funding sources.

By-Laws

The SC General Assembly mandated that Local Partnerships (LPs) adopt the by-laws provided by SC First Steps. A sample is attached (Appendix C). No amendments may be made without advance approval from the SC First Steps Board of Trustees.

Operational guidelines reference the Local Partnership's annual grant agreement with SC First Steps, the SC First Steps Finance and Administration Operations Manual, First Steps legislation, Local Partnership by-laws and other important documents. It is the responsibility of the Local Partnership board and staff to be familiar with and comply with the terms and conditions, policies, and procedures contained in these documents.

Calendar of Events and Deadlines

SC First Steps has created a consolidated list of meetings, trainings, and deadlines. See Appendix D for the Calendar of Events.

Capital Expenses

Per Section 59-152-120 of the South Carolina Code of Laws, capital expenses, new construction, or renovation/refurbishing/upgrading of an existing facility without prior approval of the SC First Steps Board of Trustees is prohibited.

Submit requests for capital expenditures to SC First Steps with a detailed budget and explanation of funding source. Review and approval may take up to 30 business days.

See “Procurement” section for additional details and instructions for capital expenses.

Carryforward

Local Partnerships (LPs) may carryforward up to 15% of any state funds into the next fiscal year, unless otherwise specified in a grant agreement. Year end balances in excess of 15% of state funded budget may be reclaimed by the state.

Local Partnerships shall monitor their formula allocated budget and expenditures closely to estimate the LP’s projected carryforward budget and submit a plan for how carryforward will be used in the next fiscal year as part of the LP’s board-approved Formula Funding grant application. The SC First Steps finance team will notify LPs of all anticipated prior fiscal year available carryforward budgets between October 1 and October 15. These carryforward amounts are estimates and will be finalized after the audit has been completed for the corresponding fiscal year. SC First Steps will inform LPs of any carryforward amounts that have changed after the audit has been completed.

Each Local Partnership must submit budget reallocation requests to the SC First Steps finance team before December 31 to add all carryforward to its budget. Local Partnerships whose certified carry forward amount is 15% or more than its original formula allocated budget OR have changed their use of carryforward funds since their last approved budget change must submit updated board minutes reflecting these changes.

For the first year, Local Partnerships whose certified carryforward budget exceeds 15% of the prior fiscal year's formula allocated budget will receive a corrective action plan AND must submit written justification to their SC First Steps Program Officer with a plan to be approved by the SC First Steps Board of Trustees (Program and Grants Committee) to reduce their amount of carry forward budget to under 15% for the next fiscal year.

For the second consecutive fiscal year, Local Partnerships whose carryforward budget exceeds 15% will remain under corrective action plan AND will be subject to potential withholding of their excess carryforward funds at the discretion of the SC First Steps Board of Trustees.

Cash Flow Analysis

In partnership with UHY, Local Partnerships (LPs) must closely monitor their cash bank account balances to ensure they are able to cover payroll and fixed expenses. Cash flow monitoring can occur in several ways: reviewing monthly bank statements, reviewing budget vs. actual reports, and balance sheets. LPs may request fiscal insights from UHY or SC First Steps.

UHY will email the monthly bank statement to the Executive Director within three (3) business days of the statement period close. The LPs should review their bank statements monthly. Any questions regarding transactions should be directed to UHY.

LPs should plan for programmatic activities, events, and services annually to support a smooth procurement process and a well-paced utilization of resources throughout the year. This type of timeline will help ensure that cash is available to cover expenses.

Upon request, the SC First Steps finance team can supply a cash forecasting tool and provide training on its use.

Cash Reserve

A cash reserve policy is strongly recommended for each Local Partnership (LP). A cash reserve is the amount of funding set aside to ensure operational stability. A cash reserve will ensure that cash is available to maintain on-time payments when a grant payment is late, to start the new fiscal year, and/or to navigate an unexpected expense.

LPs are responsible for managing cash flow challenges that may occur regardless of funding type. SC First Steps is not allowed to provide cash advances or to "lend" funding in any way.

The best way to build a cash reserve is to set aside unrestricted funding as it is earned. State funds may not be used for a cash reserve.

Steps to build and maintain cash reserve:

- Determine the amount of funding needed to cover fixed costs (like rent and payroll) for a minimum of three (3) months.

- Determine the amount of funding typically needed in July in advance of new year payments from any funder.
- Determine an amount of funding to save for unexpected expenses, especially those that require unrestricted cash.

Cash reserve needs may vary from year to year. It is recommended that LP Boards *review and approve Cash Reserve Policy annually to determine if adjustments are needed*.

To support awareness of cash needs, a balance sheet should be included as part of routine financial reports to the LP Board.

Charitable Organization Application

Each Local Partnership (LP) is required by the SC Secretary of State to file an annual application for registration exemption or a registration statement for a charitable organization by November 15.

A Local Partnership may be eligible to file the annual application for registration exemption under S.C. Code Section 33-56-50(A)(6), which provides that "the State, its political subdivisions, and an agency or a department of the State which are subject to the disclosure provisions of the Freedom of Information Act" may qualify for exemption if they do not use professional fundraisers. Access the application via the following link: https://www.scsos.com/charities. There is no filing fee for the exemption application; however, it must be renewed each year that the organization is soliciting funds in South Carolina.

The registration statement for a charitable organization has a $50 filing fee, requires that the organization file an annual financial report, and must also be renewed each year. Both forms may be filed through the SC Secretary of State's online filing system (https://www.scsos.com/charities). The filing fees should be charged to Fund 550 (EIA allocation), Program 101 (Administration), and model code 6204 (memberships/subscriptions).

Chart of Accounts

SC First Steps maintains the chart of accounts which is used to identify revenue sources, program expenditures, and expenditures by type. A complete chart of accounts can be requested from the SC First Steps finance team.

The general format of coding is "AA-BBB-CCC-DDDD" where:

AA = the numeric code assigned to each of the 46 counties
BBB = the three digit fund number associated with the source of revenue

CCC = the three digit program code associated with each program
DDDD = the four digit account code that identifies the type of expense.

When coding revenues or expenses, Local Partnerships must include a complete coding, including the appropriate fund, program, and account codes.

Comprehensive Strategic Plan

The Local Partnership (LP) board shall coordinate a collaborative effort at the county or multicounty level to identify area needs related to the First Steps legislative goals, and develop a strategic long-term plan (i.e., Comprehensive Strategic Plan) for meeting those needs (Section 12. Section 59-152-70(A)(2)).

The partnership's Comprehensive Strategic Plan should align with the priorities identified in the state strategic plan adopted by the SC First Steps Board, as well as the state board's adopted readiness benchmarks (Profile of the Ready Kindergartner) and the First Steps legislative goals.

Per Section 59-152-70, Comprehensive Strategic Plans shall include the three core functions of local partnerships (local portal, community convener, and support for state level priorities). Comprehensive Strategic Plans shall be for three years' duration, to align with legislative requirements for updating community needs and resources assessments every three years. Local Partnership Comprehensive Strategic Plans, as well as any annual updates, are to be posted to the SC First Steps website by December 1 each year, per First Steps legislation (Section 59-152-70(A)(8)). To meet this requirement, future Comprehensive Strategic Plans will be due to SC First Steps on or before November 1 in the year in which the partnership's current plan expires.

A First Steps Partnership Board shall, among its other powers and duties:
coordinate and oversee the implementation of the comprehensive strategic plan including, but not limited to, direct service provision, contracting for service provision, and organization and management of volunteer programs.

Effective July 1, 2016, each partnership's comprehensive plan shall include the following core functions:

- Service as a local portal connecting families of preschool children to community-based services they may need or desire to ensure the school readiness of their children.
- Serve as a community convener around the needs of preschool children and their families, to include mobilizing communities to focus efforts on providing enhanced services to support families and their young children so as to enable every child to reach school healthy and ready to succeed.
- Support of state-level school readiness priorities as determined by the State Board.

Confidentiality

The Local Partnership (LP) agrees that it will adopt and comply with the Confidentiality Policy, included in the Local Partnership Personnel Policies required and adopted by the SC First Steps Board of Trustees. All information, materials, and data provided to the Local Partnership that identify or reference specific individuals, whether verbal, written, or recorded magnetic media cards or otherwise, must be regarded as confidential information and the Local Partnership shall keep such information confidential and only use such information solely for the purposes of performing its obligations pursuant to this Agreement.

The Partnership agrees that any of its employees, contractors, agents, or representatives who may be in receipt of or are required to work with such confidential information in the performance of their duties shall comply in all respects with this confidentiality requirement.

The Partnership agrees to take all necessary steps to safeguard the confidentiality of such material, information, and data, and further agrees to contractually obligate its employees, agents, contractors, and representatives to do the same. The Partnership shall have every employee sign a Confidentiality Form annually and keep this on file. The Partnership shall ensure that all information in its possession that identifies or references specific individuals provided by or obtained from employees, agents, contractors, or representatives regarding recipients of services provided by the Partnership will be maintained in a secure location.

All materials, information, and data stored offsite must be maintained securely and in compliance with the requirements of this Agreement and applicable federal and state privacy laws. To this end, the Partnership shall contractually obligate all its employees, agents, contractors and representatives to comply with the requirements of this Agreement and all applicable laws including, but not limited to, the Federal Educational Rights and Privacy Act of 1994 (FERPA) and the Family Privacy Protection Act of 2002.

The Partnership and its employees, agents, contractors, and representatives shall use and/or disclose protected educational and personal information only to the extent necessary to satisfy obligations under this Agreement. Information may not be released without a properly completed authorization signed by the individual receiving services provided by the Partnership, or his/her parent or guardian. If information is released pursuant to the receipt of a properly completed authorization, documentation of the release must be maintained, along with a copy of the authorization.

See Appendix D for "Required Policy for all Local Partnerships, per the South Carolina First Steps Board of Trustees."

Conflict of Interest

At all times, employees of the Local Partnership (LP) are prohibited from using their job, title, or the Local Partnership's name or property for private profit or benefit.

Local Partnership Board members, officers, employees, and agents may not use their association or employment with the Partnership to obtain an economic interest for themselves, a family member, an individual with whom they are associated, or a business with which they are associated; or make, participate in making, or in any way attempt to use their employment or association to influence a decision in which the Partnership Board member, officer, employee, agent, a family member, an individual with whom they are associated, or a business with which they are associated has an economic interest.

No Board member, officer, employee, or agent of the Partnership shall participate in the selection, award, or administration of a purchase or agreement with a contractor or vendor where, to his or her knowledge, any of the following persons has a financial interest in the contractor or vendor:

- The Partnership Board member, officer, employee, or agent.
- Any member of the immediate family of the Partnership board member, officer, employee, or agent.
- Any partner of the Partnership Board member, officer, employee, or agent.
- Any organization in which the Partnership Board member, officer, employee, or agent is an officer, director, or employee.
- Any person or organization with whom the Partnership Board member, officer, employee, or agent is negotiating or has any arrangement concerning prospective employment.
- Any individual with whom the Board member, officer, employee, or agent is associated; or any business with which they have an economic interest.

Disclosure – Any actual or potential conflict of interest shall be disclosed by the Partnership Board member, officer, employee, or agent concerned. A Board member, officer, employee, or agent who, in the discharge of Partnership responsibilities, is required to take an action or make a decision which affects an economic interest of himself or herself, a family member, an individual with whom he or she is associated, or a business with which he or she is associated shall:

- Prepare a written statement describing the matter requiring action or decisions and the nature of his or her potential conflict of interest with respect to the action or decision.
- Furnish a copy of the statement to his or her supervisor, if any, who shall assign the matter to another employee who does not have a potential conflict of interest.

- If the potential conflict of interest pertains to a managing employee, the statement must be provided to the Partnership Board for consideration and resolution pursuant to Subsection D below.

Board Action – When a conflict of interest is relevant to a matter requiring action by the Partnership's Board of Directors, the interested Partnership Board member, officer, employee, or agent shall call it to the attention of the Partnership Board of Directors and such Partnership Board member, officer, employee, or agent shall not be permitted by the Partnership to vote on the matter. In addition, the interested Partnership Board member, officer, employee, or agent shall not be permitted to participate in the final deliberation or decision regarding the matter under consideration. When there is a doubt as to whether or not a conflict of interest exists, the matter shall be reviewed and voted upon by the Partnership Board of Directors, excluding the Partnership Board member, officer, employee, or agent who has the potential conflict of interest. Within five (5) business days of the date of the Partnership Board vote, the Partnership Board shall provide SC First Steps with a copy of the minutes of the Partnership Board minutes and all documentation related to the reviewed conflict of interest. The Partnership further shall provide any other information which SC First Steps may request. SC First Steps, in its sole discretion, shall be entitled to review, overrule, and render the final decision on any Partnership Board decision regarding any conflict of interest.

The Partnership Board is not authorized to waive any actual conflict of interest.

Record of Conflict – The official minutes of the Partnership Board of Directors shall reflect that the conflict of interest was disclosed, the interested Partnership Board member, officer, employee, or agent did not vote on the matter, and the conflict was resolved by a vote consistent with this provision.

In no circumstances will any Partnership employee have under his or her supervision or in his or her chain of command, any member of his or her immediate family as defined in the South Carolina Ethics Act.

All members of the Partnership Board and all Partnership employees and officers shall execute annual Conflict of Interest Disclosure Forms (Attachment C) reflecting receipt of the Partnership's conflict of interest policies and describing any potential conflict of interest. These forms should be updated as board membership, employees, and officers change throughout the year, and kept on file.

Contact Information

SC First Steps is organized into the following teams: Administration/Finance, Engagement, Local Partnerships, Strategic Impact, and 4K. We are here to help your LP succeed.

Contracting

Well-written and detailed contracts with other vendors or other organizations ensure on-time deliverables and high-quality relationships. Contracts must align with financial transactions. Local Partnerships (LPs) should submit a copy of executed contracts to be attached to the vendor record in the financial management system for audit preparedness.

There are three basic contractual relationships that an LP may utilize:

1. Contracts between LPs and vendors who provide goods or services above $10,000
2. Contracts between LPs and outside funders or granting agencies
3. Agreements or contracts between LPs and other organizations where money does not change hands.

The goal in establishing legally-binding and professional contracts is to establish clear roles and responsibilities of the contractor and the Local Partnership. Differences in interpretation can result in the need for legal consultation or arbitration, both of which can be costly and time consuming. Establishing clear, comprehensive, and professionally worded contracts will help avoid potential problems.

General Contract Guidance

- Contracts should clearly define the goods and/or services to be provided in detail, as well as payment terms, and termination clause. No work should begin prior to the contract being signed. Contracts can be as simple as a Purchase Order, or as comprehensive as the Service or Goods Contract, or Memorandum of Understanding (MOU). It is also important as collaborative efforts are established between multiple organizations, that a written agreement describes each party's agreement and understanding.

- SC First Steps guidelines allow up to 4 renewals (5 years) without rebidding for contracts above $10,000.

- All contracts where funds are exchanged require both the Board Chair and the Executive Director's signature. An executed copy of the contract (with all parties' signatures) must be submitted to the SC First Steps finance team immediately upon execution so that the contract may be added to the vendor record in the financial management system. The LP must keep a copy of the executed contract on file.

See "Independent Contractors" for additional insights on this type of contract.

Core Functions

A First Steps Local Partnership (LP) board shall, among its other powers and duties:

- Coordinate a collaborative effort at the county or multicounty level which will bring the community together to identify the area needs related to the goals of First Steps to School Readiness; develop a strategic long-term plan for meeting those needs; develop specific initiatives to implement the elements of the plan; integrate service delivery where possible; and coordinate and oversee the implementation of the comprehensive strategic plan including, but not limited to, direct service provision, contracting for service provision, and organization and management of volunteer programs.

Effective July 1, 2016, each partnership's comprehensive plan shall include the following core functions:

- Service as a local portal connecting families of preschool children to community-based services they may need or desire to ensure the school readiness of their children.
- Serve as a community convener around the needs of preschool children and their families, to include mobilizing communities to focus efforts on providing enhanced services to support families and their young children so as to enable every child to reach school healthy and ready to succeed.
- Support of state-level school readiness priorities as determined by the State Board.

Local Partnerships will maintain data collection records on Core Function and Community Education/Outreach activities using the provided template. Core Functions activities will be recorded with the following guidelines:

- Core Functions numbers served will be counted as connections with program participants (rather than encounters with community members).
- Meaningful core functions activities, events, and connections are defined as those connections that impact the early childhood community where possible program participants can be referred for early childhood services and promote the health, safety, and school readiness priorities for children 0-5 years old, including but not limited to distribution of books, early learning materials, and health/nutrition materials.
- Individuals and/or families may only be counted as “served” if the Local Partnership collects contact information (phone, text, mail, and/or email) from potential program participants.
- Core Functions activities will focus only on external community engagement. The external community is defined as those who are not directly involved with the interworking and governing of the Local Partnership.

Corrective Action

If a Local Partnership (LP) has not met one or more minimum performance requirements and/or is under financial review, the LP may be placed into "corrective action" status. When this occurs, the Executive Director and Board Chair are notified in writing. The status, including the reasons for corrective action and the Corrective Action Plan, must be shared with full board. This action should be documented in the board meeting minutes.

To resolve corrective action status, the LP must successfully address all items in the corrective action plan. Progress towards resolution will be monitored closely by the finance and LP teams. LPs that are in corrective action are not eligible for discretionary funding (in 2026-27 this includes READY and Innovation Investments).

Unmet minimum requirements for formula grant funding that correspond to Section 59-152-90 and Section 59-152 70 of the First Steps legislation, to include findings of non-compliance with program and/or fiscal and operational guidelines, will become part of a state board-approved Corrective Action Plan to the Local Partnership. Unmet qualifications that are not resolved within the timeframe specified in the partnership's Corrective Action Plan may result in a future non-compliance penalty to the Local Partnership's funding amount, to be determined by the state board as specified in the Formula Funding Reduction Levels Policy.

At any time during the year, a Local Partnership may be issued a corrective action. As these processes take place, there is a wide variety of possible outcomes over different periods of time. Once a Local Partnership is moved to a level where there is a financial impact, their allocation will be impacted in that period as appropriate for the specific situation. At least two times during each year a formal review will take place that might generate a corrective action, but a corrective action with a financial penalty could occur at any time depending on the specific situation and the violation.

When a county is on corrective action for more than 12 months without progress, the state office has the authority to reallocate the funding to another county or qualified non-profit or government agency (including but not limited to schools) to provide eligible services for children birth to five. The SCFS reporting requirements remain in effect.

If there is a financial penalty assessed by the Board of Trustees, the affected Local Partnership Board can request time either in a meeting of the appropriate Committee, or of the Board of Trustees to reconsider its actions.

Credit Cards

If a vendor only accepts credits cards for service (Adobe, MailChimp, etc.), then credit card usage is acceptable. Otherwise, credit card use is strictly limited to emergency situations and pre-approved out-of-town travel expenses. All purchasing should be done through verifiable vendors that offer business accounts and invoicing.

SC First Steps or UHY can assist Local Partnerships (LPs) in obtaining documents necessary to set up credit terms with vendors. *Restrictions on credit cards are outlined below.*

- LP credit cards may be issued to one appropriate management employee *with local board approval*. Credit cards may *not* be issued to contractors.
- The total combined credit limit for the partnership may not exceed 2% of the annual operating budget, less in-kind contributions. Credit limit is subject to bank approval and is not guaranteed to be 2% of operating budget.
- The local board must approve initial credit limits and any requested increases to credit limits. The approvals must be documented in the board meeting minutes and must be approved in advance of the request to the bank for a credit limit increase.
- Only one business credit card is allowed per LP with a clear assignment made for its use and management.
- For LPs with an annual budget of $1M+, an additional credit card may be approved with justification for the need of the second card. Submit additional credit card requests in writing to the SC First Steps Chief Financial Officer.
- When a credit card of any type is used as purchasing mechanism for business expenses, *no personal items should be included whatsoever.* Personal items must be purchased separately.

The following purchase types are not allowed for credit card usage:

- Routine purchase of office supplies from vendors such as Office Max, Walmart, Amazon
- Supply purchases from local retailers, unless the only accepted form of payment is credit card
- Computer equipment, unless the only accepted form of payment is credit card
- Local meals
- Other items that can be procured from a standard vendor business account.

Payment and Reconciliation

- Credit cards must be paid in full every month by the deadline. LPs that fail to pay the full balance may have credit cards suspended or canceled. Any finance charges due to late payment may not be paid for with state-issued funds.

- The full credit card statement and all receipts for related transactions must be attached to the payment request in the financial management system. The SC First Steps credit card reconciliation form must be attached to all invoice submissions of credit card payments.

Data Collection System

Local Partnership (LP) Executive Directors and staff must ensure complete and accurate data is collected to measure program results and client satisfaction, including accurate and complete data entered in the SC First Steps designated Data Collection System as required.

Data shall be collected and entered timely in the First Steps Data Collection System for all programs/strategies, according to the First Steps program guidelines for that strategy. Local Partnership and vendor staff are expected to adhere to the standard for timely data submission, based on the date of service, within five (5) days for case level data (enrollment, home visits, group connections, assessments, etc.) and 30 days for programs that utilize the outputs data reporting (childcare training, DPIL, NFP, etc.).

Document Retention and Destruction

The Document Retention and Destruction policy specifies how important documents (hardcopy, online, or other media) should be retained, protected, and eligible for destruction. The policy also ensures that documents are promptly provided to authorities during legal investigations or lawsuits. At least one copy of each of the following types of documents must be retained, either in hard copy or electronically, for the specified duration.

Corporate Records, as described below, are maintained permanently.

- Articles of Incorporation
- Letter of Determination granting tax exempt and/or charitable status
- SC Registration as a charitable organization
- By-laws
- Board policies and resolutions
- Board meeting minutes
- Sales tax exemption documents
- Tax identification number
- Annual corporate filings
- Annual Audits and Financial Statements

Tax Records

• Annual tax filings, including IRS Form 990	Permanent
• IRS Application for Tax-Exempt Status (Form 1023)	Permanent
• IRS 1099s	7 years

Payroll and Employment Tax Records

• Payroll Registers	Permanent
• Unemployment Tax Records	Permanent
• Earnings Records	7 years
• Garnishment Records	7 years
• Payroll Tax returns	7 years
• W-2 Statements	7 years

Financial Records

• Fiscal Policies and Procedures	Permanent
• Audits/Financial Statements	Permanent
• Property/Asset Inventories	7 years
• Business Expenses Documents	7 years
• Invoices	7 years
• Credit Card Receipts	7 years

Procurement Records

• Contracts	7 years

Required Policy for all LPs, per the SC First Steps Board of Trustees

• MOAs	7 years
• Vendor Agreements	7 years
• Requests For Proposals	7 years

Employee Records

• Employee Offer Letters	Permanent
• Confirmation of Employment Letters	Permanent
• Employee Applications and Resumes	7 years after termination
• Promotions, Demotions, Letters of Reprimand, Termination	7 years after Termination
• Job Descriptions, Performance Goals	7 years after termination
• I-9 Forms	5 years after termination
• Payroll and Timekeeping Reports	5 years after termination
• Salary Ranges per Job Description	5 years

Insurance Records

• Property Insurance policies	Permanent
• Directors and Officers Policies	Permanent

• Workers' Compensation Insurance Policies	Permanent
• General Liability Insurance Policies	Permanent
• Insurance Claims Applications	Permanent
• Insurance Disbursements/Denials	Permanent

Program Records (unless a longer time frame is required by the program or funder)

• Client Files	7 years
• Group Meetings	7 years
• Training	7 years
• Surveys	7 years

Dual Employment or Contracting with LPs

When a Local Partnership (LP) employee wants to work for or contract with one or more Partnerships, a dual employment/contractor plan must be completed and approved by Board Chairs serving the impacted counties and reported to SC First Steps LP Fiscal Director and the Chief Partnership Officer. Additional rules and guidelines apply for Executive Directors (see Executive Director Employment).

If an individual agrees to work for or contract with one or more Local Partnerships, it is assumed that these are part-time roles. Combined hours for billing may not exceed 40 hours weekly.

There must be a written agreement for employment or contracting with both LPs that includes detailed information about hours to be worked, role, hourly rate, cap on charges, and deliverables.

Restrictions include:

- Contractors must provide detailed logs of hours worked each month, with each LP to ensure that there is no duplication of billing, and that total billing *doesn't exceed 40 hours weekly.*
- If more than one county would like to share an Executive Director, the Executive Director Hiring, Compensation and Evaluation policies and procedures and ED Employment policy must be followed.
- All compensation (including performance bonuses) for Executive Directors serving two counties must be approved by the SC First Steps Board of Trustees in advance.

Conflict of Interest - Dual Employment or Contracting

The Local Partnership (LP) Executive Director must disclose any other employment and or contract work (within the workday or outside of the workday) to the Local Partnership board.

Email Accounts

Email addresses using the Local Partnership's (LP) domain account are strongly recommended. For example, operations@smithcountyfirststeps.org is professional and builds trust. Highly personalized emails such as Eddie25FSteps@gmail.com should be avoided.

Due to the frequency of two-step authentication requirements, each Local Partnership (LP) should have at least one business email account that is tied to a work cell phone provided by the organization's business account and not a personal account.

If an employee resigns or is terminated, access to accounts requiring email addresses and cell numbers must be addressed to avoid delays in access to important accounts.

Emergency Procurement

In emergency situations where services must be rendered immediately, see "Procurement" section for guidance.

Emergency situations are when immediate assistance/service is required to maintain the health and safety of Local Partnership (LP) operations, staff, or facilities. Emergency procurement should rarely occur.

To avoid emergency procurement, LP staff and board should work together to develop an annual timeline of goods and/or services needed (within the budget) and allow for a 45-60 day window required for purchase order review and approval, vendor selection, delivery, etc.

Employee Incentives

Any potential incentive plan or compensation of any type for a Local Partnership (LP) Executive Director must be submitted to SC First Steps in advance for review and approval by the SC First Steps Board of Trustees.

Any LP employee incentive plans must be established and signed by both the Executive Director and Board Chair *at least 6 months in advance* of payment. The written plan must clearly indicate:

- The amount of incentive that can be earned
- The measurable milestones or outcomes that must be achieved to earn the incentive within a certain time frame
- When the incentive will be paid out.

Examples of measurable above and beyond performance metrics include:

- 90% of program participants of the PAT program complete the required minimum home visits
- 90% of all assessments and referrals are completed
- 80% of families complete all required sessions
- 80% of parent satisfaction surveys are completed
- All program metrics are met according to compliance standards
- Fundraising goals for unrestricted revenue exceed goal by 25%.

Once signed, the incentive plan cannot be adjusted or changed until the next year's incentive plan is developed.

Ad hoc bonuses, holiday bonuses, or other bonuses or incentives that are not tied to a specific and written incentive plan as listed above are not allowable. In the event there is a major, unplanned accomplishment (e.g., grant that allows for expansion of services), the local partnership board may request a one-time bonus for approval by the state board.

An incentive of any type may not exceed $3,000 in one fiscal year. Employee bonuses must be tracked and included in year-end report and paid through the payroll system.

Employment Status

Local Partnerships (LPs) must carefully review the United States Department of Labor Fair Labor Standards Act to ensure employee classifications meet federal regulations. In general, to be considered an exempt employee, the employee must be paid a minimum annual salary of $35,568.

https://www.dol.gov/agencies/whd/fact-sheets/17a-overtime

Employees in exempt status are not eligible for overtime for hours worked over 40 hours per week. Non-exempt employees should be paid overtime for hours worked over 40 per week. LPs may offer compensatory time or amend schedules as needed to limit overtime. If overtime is required, it must be approved by the Executive Director in advance.

Independent contractors are NOT employees and should not be treated as employees.

See “Independent Contractors” section for additional information.

Endowments

Local Partnerships (LPs) with unrestricted private funds over $100,000 may request to establish an investment account in accordance with the guidelines outlined in this policy. South Carolina Code Sections 59-152-10 et seq. and Sections 63-11-1710 et seq. (collectively “First Steps Act”) govern the First Steps initiative. South Carolina Code § 59-152-150(C) provides as follows:

All private and nonstate funds sought by Local Partnerships must be used exclusively for meeting the goals and purpose of First Steps as specified in Section 59-152-20 and Section 59-152-30. Private funds received by a First Steps partnership must be deposited in a separate fund subject to review by SC First Steps and the State Board.

Local Partnerships should maintain enough private funds outside of the investment account to cover annual expenses that are budgeted to be paid with private funds.

Local Partnerships may only request to open investment accounts with a national custodian bank.

Funds generated by investment accounts are defined as any realized gains, dividends, or interest earned. Funds generated must have a specific and intentional purpose that is developed and approved by the Local Partnership board of directors. Funds generated may be used to fund high-intensity, evidence-based programs, or to establish a cash reserve. If the funds generated are to be used to establish a cash reserve, the board must approve the desired cash reserve level. The board must develop a detailed plan for the use of funds generated above the approved cash reserve.

Minimum requirements for investment accounts:

- The Local Partnership must have a minimum unrestricted private fund balance of $100,000 to open an investment account. Private funds of less than $100,000 will be maintained in the Local Partnership’s existing interest-bearing checking account.
- The following funds may be placed into the investment account:
  1. Donations to the Local Partnership for the purpose of funding the investment account
  2. Unrestricted funds given to the Local Partnership after the establishment of the investment account where the donor has indicated their donation may be placed into the investment account
- At no time may funds issued by SC First Steps be placed in the investment account
- The funds generated must be equal to or greater than five times the annual fees charged to maintain the account

- SC First Steps Chief Financial Officer must be given read-only access to the investment account
- A report detailing plan updates from the prior year must be submitted annually with Local Partnership governance documents.

Local Partnership policy requirements for investment accounts:

1. **Distribution Policy:** The Local Partnership board must develop and approve a detailed distribution policy that outlines the approved use of funds earned through the account. The policy must state that no funds may be withdrawn from the investment account without the approval from the Local Partnership Executive Director and a vote in favor by the Local Partnership board of directors. If the investment account is intended to fully or partially serve as a cash reserve for the Local Partnership, the policy must describe in detail how the board will periodically review and potentially amend the purpose and use of the funds generated by the account.
2. **Donation Policy:** The Local Partnership board must develop and approve a policy for soliciting private donations. The policy must clearly identify how it will ensure that all donors indicate whether their donation can be deposited into the investment account, or if it is intended for immediate use.
3. **Bylaws:** Local Partnership bylaws must be amended and approved by the board to include a legacy plan for the investment account which details the conditions under which it may be liquidated and how the funds will be used if the account must be liquidated.
4. **Related Party Transaction Policy:** The policy must state that Local Partnership employees, contractors, or board members may not participate in the selection process of a bank if a related party of the employee, contractor, or board member is associated with any of the proposed banks. A related party is defined as personal or familial relationship with another party associated with the bank.

Process to request approval to open an investment account:

To request approval to open an investment account, the Local Partnership must complete and submit a written request to SC First Steps' Chief Financial Officer for consideration.

The request must include the following information:

1. The amount the Local Partnership is requesting to invest
2. The proposed national custodian bank, including a related-party disclosure applicable to all local partnership employees, contractors, and board members
3. The proposed account details and applicable interest rate
4. The fee structure for the proposed account, including both initial and annual fees
5. The proposed distribution policy, donation policy, and amended bylaws referenced above

6. The proposed intent for the account must be provided and described in detail.

If received at least 30 days in advance, SC First Steps board will review requested investment accounts at their next regularly scheduled board meeting. The SC First Steps board may vote to approve the request, approve with edits, or deny the request. Local Partnerships will be notified of the board's decision in writing within 10 business days.

If approval is given, the approval by the SC First Steps board will not constitute endorsement of the proposed bank or account. It is the responsibility of the Local Partnership board to perform due diligence investigations regarding the proposed account. SC First Steps board will not provide any investment advice, and all investment decisions with respect to the investment account will be the exclusive responsibility of the Local Partnership. Local Partnerships approved for an investment account agree to indemnify and hold harmless SC First Steps board for any loss in value of the investment account, any expenses incurred, and any other loss, claim or obligation incurred related to the investment account.

Changes to the investment account:

Local Partnerships with an approved investment account who wish to change banks or change their account type must have a SC First Steps board vote to approve the proposed change, and follow the same steps as listed above under "Process to request approval to open investment account." The approval process and timing will be the same as for new accounts. Any related party transactions of Local Partnership employees, contractors, or board members must be disclosed as a part of the request.

Policy Violations:

Local Partnerships found to be in violation of this policy may be required to liquidate and close their investment account. Upon discovery of any violation, the SC First Steps board will review the information and determine if the account must be closed, or what actions must be taken to remedy the violation.

Violations include:

- Funds generated by the account are not being used for purposes outlined in South Carolina Code § 59-152-150(C) (see above)
- Failure to provide read only access to the investment account to the SC First Steps Chief Financial Officer
- Failure to disclose related-party status of any local partnership employee, contractor, or board member related to the investment account or financial firm holding the investment account
- Failure to follow the approved distribution policy
- Failure to ensure donors can clearly identify if their donation may be placed into the investment account

- Failure to obtain appropriate local partnership board or SC First Steps board approval prior to taking any action that requires their approval as described above
- Failure of Local Partnership management to demonstrate prudence in their management of the account and related transactions.

Executive Director Compensation and Hiring

Purpose

The purpose of the South Carolina First Steps Local Partnership Executive Director Compensation Policy is to ensure compliance with Act 81 effective June 19, 2023. Act 81 updated guidance originally provided in S.C. Code § 59-152-70. Guidance may be found in Section 2: Local Board Powers and Duties. The relevant guidance is found in items 9-11.

> (9) submit for approval by the South Carolina First Steps to School Readiness Board of Trustees requests to hire a local First Steps partnership executive director. Such a request should provide the rationale for the request and include such information as qualifications of applicants, current and requested salaries of applicants, resumes of candidates, and any information to justify the salary requested;
>
> (10) submit for approval by the South Carolina First Steps to School Readiness Board of Trustees justification of and recommendations for the salary and any salary increases for the local First Steps partnership executive director;
>
> (11) implement and document an annual performance evaluation for the local First Steps partnership executive director. The completed document shall be submitted annually to the South Carolina First Steps to School Readiness Board of Trustees.

Types of Compensation Requests

There are 3 types of executive director compensation requests:

Salary Approval for a New Executive Director

When a local board is ready to hire an executive director, the chairman must submit a New ED Compensation Request Form to the Chief Partnership Officer for approval by the SC Board of Trustees.

Salary Adjustments

A request for a salary adjustment may be submitted annually between February 1 – March 15. Salary adjustments are largely performance driven and are tied to the annual review process.

Performance Based Bonus

A plan for a performance-based bonus may also be submitted annually between February 1 – March 15. The request must include a specific performance goal that can be Page 2 measured over a minimum of 6 months. To pay the bonus after a bonus plan is approved, the partnership will need to submit proof of goal attainment according to the timeline established but further state board approval for payment is not required.

A bonus may not exceed more than 5% of annual salary or $5,000 in state funds in one year.

Benefits Stipends

Benefit stipends are not allowed. If a Local Partnership would like to provide for health or other common benefits, that cost should be included as part of general fringe and benefits line items in their annual operating budget submitted each year.

Approval Notifications

All requests submitted by March 15 will be reviewed by the South Carolina First Steps Board of Trustees, or its Executive Committee, and partnerships will be notified of decisions by April 5 annually. Local partnerships requesting a new hire will be notified of decision within 15 days of the request submission date.

Considerations for Compensation

- Level and complexity of operating budget
- Number of employees
- Highest level of related education (new hires only)
- Part-time or full-time status (hours per week)
- Additional leave during the year that is not included in annual or sick leave policy (i.e., extended office building closure when in school buildings)
- Demonstrated ability to raise funding beyond state funding
- Salary ranges for similar-sized nonprofit organizations and salary ranges for SC government employees with similar level of responsibilities
- Cost of living index.

Executive Director Roles

The Executive Director can provide administrative support and leadership, raise funds and/or serve as program staff. In the compensation request form, there is a place to indicate these roles by percent of time.

Salary Range for Local Partnership Executive Directors Based on Non-Profit and State Government Salary Studies

Note: Level of education is considered for new hires only and “budget size” is total operating budget, not including in-kind.

Education Level **Bachelor's Degree**

Budget Size	Min	Mid	Max
<$500	$ 50,000	$ 55,000	$ 60,000
>$500 <$1 mill	$ 60,000	$ 70,000	$ 80,000
>$1 mill <$5mill	$ 70,000	$ 85,000	$ 110,000
>$5 million	$ 80,000	$ 95,000	$ 120,000

Education Level **Master's Degree in a related field**

Budget Size	Min	Mid	Max
<$500	$ 55,000	$ 60,000	$ 65,000
>$500 <$1 mill	$ 65,000	$ 75,000	$ 85,000
>$1 mill <$5mill	$ 75,000	$ 90,000	$ 115,000
>$5 million	$ 85,000	$ 100,000	$ 125,000

Education Level **Doctorate in a related field**

Budget Size	Min	Mid	Max
<$500	$ 60,000	$ 65,000	$ 70,000
>$500 <$1 mill	$ 70,000	$ 80,000	$ 90,000
>$1 mill <$5mill	$ 80,000	$ 95,000	$ 120,000
>$5 million	$ 90,000	$ 105,000	$ 130,000

Process for Requests

Local Partnership executive director compensation will be reviewed by the South Carolina First Steps Board of Trustees, or its Executive Committee annually unless approval for a new hire is needed.

All requests must be submitted using the ED Compensation Request Form.

New Executive Directors

Requests to approve a salary for a new executive director may be submitted anytime.

Review and approval may take up to 15 days. Please submit the request as soon as a candidate has been approved by the local Board.

Submission Requirements:

- Resume and cover letter from the potential ED
- Salary history
- Summary of score sheets
- Completed Executive Director Compensation Request Form
- Signed and dated minutes from the Board meeting documenting local board approval of the request.

Requests for Salary Increases

Requests for salary increases may be submitted between February 1 and March 15, with review and notification by April 5 for an effective date of July 1. This will allow the Local Partnership time to include any salary adjustments in the subsequent budget. Special permission for salary increase requests outside of this window may be requested in writing to SC First Steps when there is a significant increase (≥ 40%) in operating budget.

Submission Requirements:

- Completed Executive Director Compensation Request Form
- Signed and dated minutes from the Board meeting documenting local board approval of the request.
- Completed ED annual evaluation. Annual evaluation should be completed in February.

Requests for Performance Bonus

Requests for a performance bonus may be submitted between February 1 and March 15, with review and notification by April 5 for an effective date of July 1. This will allow the Local Partnership time to include any adjustments in the subsequent budget.

Submission Requirements:

- Completed Executive Director Compensation Request Form/Performance Bonus tab that includes specific measurable goal to be reached within 6-12 months. Timeframe should begin July 1.

- Signed and dated minutes from the Board meeting documenting local board approval of the request.
- Completed ED annual evaluation. Annual evaluation should be completed in late February.

Appeals

Appeals will only be entertained if the Local Partnership board or the state office staff made an error in calculations or reporting of information. The Local Partnership board of directors may appeal the decision by submitting an Executive Director Compensation Appeal Form to the South Carolina First Steps Chief Partnership Officer within 30 days of the decision. SC First Steps has 30 days to respond to the appeal.

Annual Review

The annual performance review for local Executive Directors should include specific progress on annual strategic and/or operational achievements. The Executive Director Annual Review Form must be used and is provided by SC First Steps.

The annual review will include:

- Rating of the Executive Director's performance on standardized metrics during the previous year
- Measurable goals for the next fiscal year that ensure organizational progress is made over time. Examples of goal areas include program enrollment, retention, recommended dosage rates; improving county performance on KRA; reducing staff turnover; and/or increasing grant or private funding.
- Plans for individual professional development to meet the needs of the organization.

Assistance Available

Contact the SC First Steps Chief Partnership Officer with any questions about this policy or process.

Executive Director Employment

A Local Partnership (LP) Executive Director (ED) may not serve more than one county for more than 12 months, unless they merge.

In accordance with IRS regulations, an ED must be treated as an employee not an independent contractor unless an interim.

EDs may not receive contract work from the LP where they are employed (if they provide contract services to another county, leave must be taken to offer that service and documentation may be requested).

Financial Reports

Standard financial reports must be presented at all Local Partnership (LP) board meetings.

Standard financial reports include:
- Current balance sheet
- Current income statement (budget vs. actual)

The SC First Steps finance team will provide reporting templates.

First Five SC

First Five SC is the portal led by the Early Childhood Advisory Council to provide parents with an on-line screener for more than 40 publicly-funded early childhood services. To learn more about First Five SC, visit https://first5sc.org/about/

Local Partnerships (LPs) are required to review information from families or caregivers that indicate an interest in local programs, and to process applications that are received through the First Five SC portal within 10 days of receipt.

Referrals Activities must include, but are not limited to:

- Sharing information about the First Five SC portal with families and receiving applications and referrals from First Five SC portal
- Designating a point of contact to access lead information for potentially eligible families from First Five SC
- Utilizing First Five county level log-ins to respond to all applications within five (5) business days and identify potential clients and generate recruitment plans to increase enrollment for First Steps programs
- Encouraging families to utilize First Five SC to access publicly funded resources that promote the well-being of children.

Fiscal Accountability

Local Partnership (LP) board and staff shall:

- Exercise appropriate fiscal stewardship, including the use of private and non-state funds, by adhering to the policies and procedures outlined in the SC First Steps legislation (Section 59-152-150(A)), Local Partnership by-laws, Local Partnership grant agreement, and SC First Steps Finance and Administration Operations Manual.
- Use private and other non-state funds exclusively for meeting the goals and purpose of SC First Steps as specified by SC Statute (59-152-20, 59-152-30).
- Monitor on an ongoing basis the financial condition of the partnership, to include but not limited to: revenue, expenditures and balances within all strategy areas, budget codes, and funding sources.
- Comply with requirements for limiting administrative expenditures to at or below 13% of expenditures for state funds allocated to local partnerships, as established by the SC First Steps Board of Trustees (July 1, 2017).
- Comply with fiscal policies set by the SC First Steps Board of Trustees for state funding of evidence-based and evidence-informed programs, per SC First Steps legislative requirements.
- Ensure that funds granted to the partnership by the SC First Steps Board of Trustees are spent in a timely manner in service to children pre-birth to school entry within the Local Partnership's service area.
- Monitor their formula allocated budget and expenditures closely to estimate the Local Partnership's projected carryforward budget and submit a plan for how carryforward will be used in the next fiscal year as part of the Local Partnership's board-approved Formula Funding grant application.
- Shall monitor carryforward amounts (for state funding) so as to not exceed the allowable 15% of state funds allocated. Local Partnerships can budget an estimate of their carryforward amount, but final carryforward amounts will be determined after audited financial statements have been issued. When the carryforward amount is determined, that amount should be reported to the board at the next scheduled meeting.
    - For the first year, Local Partnerships whose certified carryforward budget exceeds 15% of the prior fiscal year's formula allocated budget will receive notice of excess carryforward AND must submit written justification to their SC First Steps Program Officer with a plan to be approved by the SC First Steps Board of Trustees (Program and Grants Committee) to reduce their amount of carryforward budget to under 15% for the next fiscal year.
    - If the carryforward exceeds 15% for a second consecutive year, the Local Partnership will be placed on corrective action AND will be subject to potential withholding of their excess carryforward funds at the discretion of the SC First Steps Board of Trustees.

- Process vendor invoices for payments upon receipt and obtain board member approval when appropriate according to the SC First Steps Fiscal and Operational Guidelines. Fees and/or penalties due to late payments are unacceptable and will be captured in a separate account code and monitored by SC First Steps finance team.
- Shall exercise appropriate stewardship and due care in the selection, implementation, and monitoring of all contractors and the administration of all contracts. It is the Local Partnership's responsibility to ensure contractors comply will all programmatic and financial requirements contained in the partnership and program guidelines, partnership grant agreement with SC First Steps, and the SC First Steps Fiscal and Operational Guidelines.
- Present financial reports at all local partnership board meetings.
- Review internal financial controls annually.
- Adhere to the fiscal calendar deadlines established for each fiscal year.
- Respond in a timely manner to all requests from the contracted finance manager. The contracted finance manager shall support Local Partnerships' financial operations as outlined in its contract with SC First Steps.
- Participate fully in an annual financial audit to include implementing a corrective action plan to address issues, concerns, or recommendations in the identified area of partnerships activities as called for in the audit. The Local Partnership board and staff shall respond in a timely manner to requests from the independent contracted auditors.
- Shall implement controls and procedures contained in its partnership grant agreement (13: Title to Equipment for purchases of equipment of furnishings costing $1,000 or more).

Food Purchases

For evidence-based and high-intensity parent education and/or home visiting programs, food may be purchased using state funds only under the following conditions:

- Evidence-based programs in which a parent education or home visiting group meeting occurs during lunch or dinner time and meals are provided as a participant retention tool.
- Eligible programs include: PAT (201), HIPPY (225), Strengthening Families (237), Triple P (222), Incredible Years (215, 235, 236), Nurturing Parenting (240, 241, 242, 243), Early Steps to School Success (213).
- A maximum of $15 per program participant (including fees and/or taxes) is allowed. State funds may not be used for tipping.
- No more than 10% of total program budget may be used for food purchases (ex. If PAT budget is $30K, state funding available for food during a group event meal may not exceed $3K within the program cycle).

- A signed SC First Steps “Food Reporting Form” listing all program participants and staff, and related receipts must be submitted with invoice at time of submission to UHY.
- State funds may only cover the adults and children enrolled in the program and up to two program facilitators.
- State funding for food is limited, restricted, and requires specific documentation. Only use account code 6401 “food for programs.”
- If a Local Partnership (LP) wants to offer food to other staff or family members of program participants, other funds will be required (ex. private, Early Head Start, or MIECHV).
- Meal selection should model nutritious choices for families and children.

South Carolina Disbursement Regulations dictate that tips for meals and other incidentals are not allowable use of state funding.

Formula Funding

The amount of formula funding that each Local Partnership (LP) is eligible to receive is based on the total amount appropriated by the SC General Assembly to SC First Steps annually.

The funding formula sets an amount of base funding for each county ($222,168 per year for 2026-2027), with additional funding based on the county's estimated number of children below age 6 living at less than 185% poverty as determined by the recent 5-year estimates from the U.S. Census Bureau.

Counties estimated to have 2,800 or fewer low-income children under 6 receive the base funding amount, and counties estimated to have more than 2,800 low-income children under 6 receive a supplemental allocation. Supplemental allocation changes year-to-year may be capped by the SC First Steps Board of Trustees to mitigate the impact of significant population shifts on formula funding.

Fundraising Expenses

Fundraising activities are not an allowable use of state funds. Fundraising activities must be covered by private/unrestricted funds. Examples of fundraising costs include:

- Fees or postage for mail or email fundraising campaigns
- Printed materials for fundraising purposes
- Costs associated with a fundraising event such as a 5K race, trivia night, walk-a-thon, or any event where the primary purpose of the event is to solicit donations including rental fees, etc.
- Donation payment processing fees.

See also: “Online Giving,” “Private Donations,” and “Resource Development” sections.

Gifts

Local Partnership (LP) staff are prohibited from receiving personal gifts or payments from vendors or potential vendors. Any such gifts or monies received should be immediately remitted to the LP.

Any physical gifts, such as food or supplies, must be made available to all LP staff. Cash equivalent gifts such as a gift card should be used to benefit operations. Monetary gifts should be recorded as a cash donation to the LP. Vendor gifts of more than $50 value must be reported to the board at the next regular board meeting and included in meeting minutes.

Gift Cards

For accounting purposes, gift cards are the equivalent of cash and should be handled with the same level of security and kept in a locked drawer or file cabinet along with a detailed log of distribution and signatures from individuals who received the gift card.

Gift cards are only allowed for incentivizing program participation in a way that aligns with the program model’s recommendations.

Gift cards are not allowed to be purchased for employees under any circumstance.

To Obtain Gift Cards:

Gift cards must be ordered utilizing a Local Partnership (LP) board-approved purchase order regardless of the total amount. The use of a purchase order allows the LP to reconcile the distribution of cards by purchase order number.

1. Complete a purchase order request and submit to the Board Chair or Board Designee for approval. The PO must include a detailed description of the cards requested, their intended use, and the criteria used to distribute cards. “Requesting ten $50 Walmart cards for participant incentives” is an example of an unacceptable description. “Requesting ten $50 Walmart cards for the Parents As Teachers program. Parents who have completed their required number of parenting sessions will be issued one card each. Parents complete final sessions next month” is an example of an acceptable description.
2. LPs should only purchase gift card quantities that will be used in 30 days.

3. Once the Purchase Order has been approved, the requestor may initiate the purchase either by credit card (for vendor specific gift cards) or through UHY (for generic gift cards issued by the bank).
4. Upon purchase, all card numbers should be recorded on the Gift Card Reconciliation Form. The date of purchase, vendor, and PO number associated with the transaction must also be filled in on the form. The approved PO should be attached to the form for record keeping.

Procedure to Issue Cards Participants

1. When a card/pass is issued to a program participant, the staff member should record the date, name of participant, their phone number, purpose of the card, and have the participant sign on the signature line of the reconciliation form indicating receipt of the card/pass. Physical signatures are required, no exceptions. SC First Steps reserves the right to audit and verify all gift cards issued.

2. The completed reconciliation form should be attached to the invoice in the financial management system when the expense is processed for payment.

Cards on Hand

In the rare event that the LP ordered more cards than it issues in 30 days, the remaining cards, associated purchase order, and log should be retained in a secure and locked or filing cabinet. LPs should issue any cards on hand for a similar purpose within the same fiscal year. If the card cannot be issued for a similar purpose, the LP may use the card to pay for approved expenses if the proper purchasing procedures have been followed. Cards on hand and their status should be reviewed at each LP board meeting until they are issued or expended for LP benefit. SC First Steps reserves the right to monitor cards on hand at any time.

Gift card logs are subject to routine audit and verification.

Holidays

Local Partnerships (LPs) may establish their own holiday schedule. Paid holidays may not exceed 15 days in one fiscal year. The holiday schedule should be established no later than July 1 of each year and may not change once it has been approved by the LP Board.

Independent Contractors

Independent contractors may be used for some services. Independent contractors must have a written agreement signed by both the Local Partnership (LP) and contractor with a clear period of time for services, hourly or flat rates, clear measurable deliverables including monthly reporting and invoicing. Services provided by contractors for more than $10,000 must adhere to the procurement requirements outlined in the "Procurement" section.

Written agreements with independent contractors should be reviewed and issued year-to-year based on the organization's needs and prior contractor performance.

Individuals providing continuous service who require guidance and oversight should be part- or full-time employees, not contractors.

IRS Determination of Contractor Versus Employee:

It is important to clearly identify if using a contracted vendor is the correct way to handle a service need that requires personnel. The IRS has identified 20 criteria to evaluate whether a person should be a contractor or an employee. This distinction is critical since employment related taxes must be paid for employees.

General characteristics of a contractor:

- Does similar work for many companies or organizations
- Has a business license and separate business tax ID
- Controls how they do the work
- Provides their own tools and equipment

The risk of having a contractor that should be an employee of the Local Partnership can be significant if there is an audit and they are incorrectly treated as a contractor. The SC First Steps finance team recommends LPs seek guidance on this issue from tax professionals if they are uncertain. For more information, refer to this IRS guidance on identification of a contractor versus an employee:

https://www.irs.gov/businesses/small-businesses-self-employed/independent-contractor-self-employed-or-employee

Failure to correctly document employee vs. contractor decisions can lead to unexpected tax liabilities and penalties that cannot be paid for with state funds. When in doubt about making this determination, contact the SC First Steps finance team.

Partnerships must closely monitor program vendors/contractors to ensure compliance with operational guidelines. Partnerships should review contract provisions and the scope of work each year to ensure all program model components and operational guidelines are addressed. Vendor contracts for program strategies shall include as an attachment, the applicable current year's First Steps program guidelines for that strategy.

Partnership staff and volunteers who work directly with children shall be subject to SLED checks prior to hiring. Contractors must be able to provide this documentation upon request.

Innovation Investment Funding

Innovation Investment Funding is designed to reduce administrative costs and increase reach for evidence-based and high-intensity programs. There is no geographic cap on the level of funding. Innovation Investment awards are competitive, one-year funding.

Requests for Innovation Investments must include:

- Collaboration between two (2) or more geographically contiguous counties/partnerships
- Implementation of an evidence-based AND high-intensity program
- Serving a minimum of 50 additional/new children or families
- One administrative lead partnership
- Strong technical assistance at the state and/or national level.

For 2026-2027, Innovation Investment focus areas will be Parenting Education and Home Visiting (priority: PAT, HIPPY), Early Care and Education with Parenting (priority: LEAP for K with Parenting), and Health.

Internal Controls

The development and use of clearly defined internal controls are recommended. Internal controls clarify fiscal and operational roles to ensure separation of duties. Examples include opening mail, handling deposits, check signing, receiving, and purchasing approvals.

The Local Partnership (LP) board and staff should review internal financial controls annually.

Liability Insurance

Each Local Partnership (LP) is responsible for its own liabilities and those of its officers, employees, agents, contractors, and representatives. LPs must maintain:

- Continuous Directors' and Officers' Liability Insurance;
- Continuous comprehensive general liability insurance including bodily injury, property damage, personal injury, and sexual abuse and molestation rider;
- Workers' Compensation employee liability insurance. Workers' Compensation is currently provided to Local Partnerships by SC First Steps. See "Workers' Compensation" section for additional information.

Coverage must be carried at the corresponding limits detailed below by type:

Type of Insurance	*Limits of Liability*
Comprehensive General Liability (including bodily injury, property damage, personal injury, and sexual abuse and molestation rider)	\$1,000,000 per occurrence; \$2,000,000 in aggregate
Directors' and Officers' Liability	As determined by the LP
Workers' Compensation Liability	In such amount as required by South Carolina Law

Certificates of coverage must be included with each year's grant application to be kept on file. SC First Steps may request verification of continuous coverage at any time.

Maintain continuous Directors' and Officers' Liability, Comprehensive General Liability (including bodily injury, property damage, personal injury, and sexual abuse and molestation rider), and Workers' Compensation Employee Liability insurance with the corresponding limits of liability listed in the partnership's annual grant agreement.

Local Partnerships are encouraged to check with their liability insurance provider for coverage information about special events. If necessary, Local Partnerships should consider supplemental event insurance to ensure adequate coverage. Event insurance is a specialized coverage designed to protect event planners, hosts, and organizers from financial losses that may occur due to liability claims.

Lobbying

No state funds or resources may be used for any political lobbying or legislative activities whatsoever.

Logo and Name Usage

To ensure clarity and consistency, and to build public trust, Local Partnerships (LPs) must follow the logo and name usage and attribution requirements outlined below for all First Steps-funded or First Steps-affiliated activities.

See "Branding" section for more information.

Match Requirements

SC First Steps legislation requires that each Local Partnership (LP) documents a minimum of 15% of its budget as match. The in-kind contribution must be a "valued contribution." Valued contributions are defined as direct cash, donated goods, or donated professional services that are *necessary and reasonable* for the LP to operate.

Match contributions are subject to audit. The following rules must be considered when calculating and reporting in-kind dollars:

To be classified as a Valued Contribution, the following conditions must be met:

- Appropriate, audit worthy documentation is obtained
- The contribution is necessary and reasonable for the accomplishment of First Steps activities
- If unable to be donated, the cost for such a good or service would be an allowable use of state funds
- The contribution is cash or has a determined cash value
- The contribution is not paid for with state funds.

The following items are not allowed:

- Board members' time spent in routine meetings or conducting routine governance
- State-funded items
- Non-professional volunteer hours
- Time spent on fundraising events
- Goods or services that are available at no charge to the public,

For assistance in determining if a specific good or service will count as match, contact the SC First Steps finance team.

Documentation for match should include agreements in writing where the donor describes what is being offered and the estimated or actual market value. Submit all signed agreements, emails, or other written correspondence to back up in kind agreements.

Match documentation should be submitted as part of the budget submission process annually and any updates should be sent to UHY for entry into the accounting system.

Match Waivers

Requests for a match waiver must be submitted in writing 30 days in advance of the SC First Steps Board of Trustees for approval that must occur before the comprehensive application due date. *Waivers may not be granted for two consecutive years*.

Minimum Performance Requirements

SC First Steps assesses Local Partnerships (LPs) for compliance across four categories:

- Governance
- Operations and Accountability
- Fiscal and Resource Development
- Program Strategies
- Core Functions.

LP staff and board receive feedback on their Local Partnership's performance using the following categories: highly effective, effective, or an area of improvement.

See Appendix F for a detailed outline of minimum performance requirements.

Multi-County Partnerships

Local Partnerships (LPs) have the option to become multicounty partnerships. If LPs choose to form a multicounty partnership, the Local Partnership boards shall submit a joint proposal to the SC First Steps Board of Trustees. This proposal must include, but is not limited to, a plan to ensure each county is equally represented on the partnership board. No multicounty partnership may be established or separated without prior approval by the SC First Steps Board of Trustees. (Section 59- 152-70(E))

Needs and Resources Assessment

The Local Partnership (LP) board shall update its community Needs and Resources Assessment every three years, in accordance with First Steps legislation (Section 59-152-70(A (5)) as a basis for community-wide planning efforts to support at-risk children and the partnership's Comprehensive Strategic Plan. This document shall be submitted to SC First Steps by December 31 of the year in which the previous needs and resources assessment expires.

Nepotism

The Local Partnership (LP) board and staff shall prohibit preferential treatment and nepotism with regard to hiring, supervision, and promotion. Per the Conflict of Interest policy, no immediate family member may work under a partnership employee's supervision or chain of command.

Office Space

Local Partnerships (LPs) are required to maintain a local physical presence within the counties they serve. The location must have visible signage in line with SC First Steps branding requirements and the space must be accessible to the public (i.e., families can visit the office without an appointment and can reach a person by phone during operating hours) for a minimum of 30 hours each week.

Donated or in-kind office space is permissible, provided it meets the requirements for accessibility and open office hours.

LPs may execute leases for physical office/operational space at their discretion for amounts up to 12% of their annual budget, excluding in-kind.

Documentation of the review/selection process should be maintained. For lease of spaces exceeding 12% of the annual budget, the documentation of the selection process and proposed lease should be presented to SC First Steps in writing for approval in advance. It is expected that LPs complete a review of multiple available properties as part of their selection process.

For automatic lease payments to be made for the duration of the lease term, the signed agreement must be submitted in advance along with payment guidance to UHY.

LPs are encouraged to co-locate with other government or non-profit agencies that also serve young children and families. Co-locating can result in cost savings and stronger community visibility. Co-location should only be done with agencies that have *neutral locations* where all members of the public feel comfortable to enter.

Business records must be maintained securely within an LP office and not off site.

Online Giving/Electronic Payments

Local Partnerships (LPs) are required to use technology platforms provided by SC First Steps for receiving on-line donations. All other on-line giving mechanisms must be terminated no later than July 1, 2026. These platforms include:

Platform	Description	Accounts/Fees
DonorPerfect	Donor management software that links with Sage Intaact	Login provided by SCFS $0 fees to LPs
Givecloud	Online giving platform that integrates with DonorPerfect	Login provided by SCFS $0 fees to LPs
Safe Save	Payment processor that integrates with Givecloud	Safe Save application provided by SCFS, login provided by vendor Transaction fees: • Non-AMEX: 2.89% + $.30 • AMEX: 3.39% + $.30 Safe Save transaction fees are Fundraising Expenses, and therefore cannot be charged to state funds and must be coded within Administration.

When a donor contributes locally, the Local Partnership should issue a donor acknowledgement within 10 business days of receipt. When SC First Steps receives a donation on behalf of a LP, the LP will be notified and copied on the donor acknowledgement letter.

LPs are encouraged to make additional entries in DonorPerfect with donations are not made on-line. The purpose of this task is to create a consolidated database of donor contacts for individual counties to use year to year. SC First Steps will not use local donor information unless requested as part of an effort to raise unrestricted funding on behalf of Local Partnerships.

LPs that use any type of online giving platform or that receive payment for services through an electronic system must have payments sent from the vendor as an ACH or paper check *directly* to their local First Steps checking account.

It is up to the LP to communicate coding guidance for these deposits. If the online donor vendor requires approval to route the deposit from their site to the checking account (ex. PayPal), these accounts must be reviewed and cleared by 20th of each month. The appropriate remittance form must also be completed and submitted to UHY by the 20th each month.

If the LP is using a service with quarterly deposits, for example, Midlands Gives, contact the SC First Steps finance team for additional guidance.

See also: “Fundraising Expenses,” “Private Donations,” “Resource Development” sections.

Operating Hours

Local Partnerships (LPs) must maintain and publish general operating hours. Typical office hours are 8:00 AM - 4:30 PM or 8:30 AM - 5:00 PM daily, five (5) business days a week. Local Partnerships must be physically open and available to the public for a minimum of 30 hours per week.

The LP office must have a set weekly schedule and publicized (e.g., signage, website, social media) office hours to which the Local Partnership adheres. Phone access must be available during regular business hours each week, which includes voicemail and the capability to receive and return messages (phone, text, email, etc.) in a timely manner.

NOTE: Since staff will sometimes be out in the community engaging with partners, a door sign and/or updated voicemail can be used to communicate "absence from office" to any visitors or families calling for support and information. (Example: "On Feb. 3, we are at the Community Resource Fair at the Department of Public Health at [address] from 2 to 4 PM. We will be back in the office at 8:30 AM on Feb. 4.")

See "Office Space" section for related expectations set forth by the SC General Assembly.

Other Funds

Local Partnerships (LPs) must submit copies of signed grant agreements or award documents for any non-state funds with their annual grant submission package.

See the "Budget Reallocation" section for more information on how to include grants obtained after the budget has been finalized.

Outside Employment

If any Local Partnership (LP) employee, including but not limited to the Executive Director, chooses to work outside of their employment, the employee must complete an outside employment reporting form. The purpose of the form is to ensure there is no conflict of interest and recognition that any employment, including contract work, must occur outside of the LP work schedule.

For example, if an employee wants to provide training or consultation for another entity, including another First Steps Local Partnership, and is charging a fee to do so, there must be written evidence that the employee has taken vacation time to do that outside work.

Outside employment or contract work must not interfere with the employee's performance within the LP.

Payroll

Timely and accurate timesheets for Local Partnership (LP) hourly employees must be submitted to UHY on-time.

When an LP employee's pay rate changes OR benefit elections are changed, UHY must be notified by email before the change becomes effective to ensure on-time entry into accounting system.

Personal Reimbursement

Local Partnership (LP) employees or board members are not expected to cover LP expenses with personal funds.

In the rare event that a need to use personal funds occurs, the process for reimbursement is as follows:

1. The original receipt with a note added stating the reason that the employee or board member provided personal payment.
2. The receipt should be submitted as an invoice for repayment.

No employee or board member may approve a reimbursement request for themselves.

Routine operational costs should never be charged to a personal credit card.

See "Travel Reimbursement" section for additional guidance on business related travel expenses.

Personnel Policies

Per Act 81, Local Partnerships (LPs) must adopt and adhere to personnel policies provided by SC First Steps.

Private Donations

By statute, each Local Partnership (LP) may apply for, receive, and expend federal, state, and local funds, grants, and other funding in order to improve programs as provided in Section 59-152-25(A).

SC First Steps may review use of privately donated funds to ensure compliance with statute and alignment with the mission of SC First Steps.

Private donations may include:

- Money raised through fundraising efforts
- Cash donated to the LP from a community member
- Cash donated to the LP from a local business.

Private donations may come with restrictions determined by the donor. LPs must maintain documentation describing any restrictions for private funding. For example, a local business may donate $500 to purchase books for children age five and under.

If a restriction is placed on the donation, the donor must communicate that restriction in writing and the email and/or written agreement should be submitted to UHY so that it is recorded in the accounting system. The LP then must ensure that the funds are used in accordance with the restriction placed by the donor.

Effective July 1, 2026, LPs will be provided the opportunity to establish a donor and constituent database within DonorPerfect, which has the capability to track donation restrictions and integrate with the Local Partnership finance system (Sage).

See also: “Fundraising Expenses,” “Online Giving,” and “Resource Development” sections.

Professional Development

There are three types of professional development that typically occur:

1. Training that is *required* by a program model or grant. This type of training should be coded to 6411, “Program required professional development.”
2. Training that staff need to be successful in their role. Personal training needs should be discussed during an annual review meeting and planned accordingly within the limitation of the Local Partnership (LP) budget.
3. Training that is *optional and/or related* training (i.e., SC Infant Mental Health Association) that should be treated as staff development and coded to 6206, “Professional Development.”

When LP staff (excluding Executive Directors) participate in a conference or training event as a speaker, presenter, or volunteer leader, the training or conference should be closely related to South Carolina’s early childhood system. Any expenses paid by the LP for this type of conference must by charged to 6206, “Professional Development” and will count toward any maximum limits on professional development expenses.

When travel costs occur as a result of any type of training, the mileage, lodging, or per diem should be charged to the codes and types of professional development described above. Only mileage for local trainings should be charged to travel.

Funding for professional development required by the model or funder is allowed (see Item 1 in the above list). Other professional development/training charged to state funds cannot exceed 1% of the organizational budget (Items 2 and 3 in the above list). LPs must use outside funding for any non-mandatory training in excess of 1% of their organizational budget, as long as the restrictions for those funds do not prohibit the expense.

Conferences and professional development are important for all LPs; however, funds must be prioritized for direct program service to children and families.

LPs are encouraged to use locally-available training, online training, or peer learning to limit the need for attendance at conferences. Peer learning involves sending one person to a conference or training who is then responsible for training the other staff members with the newly-gained information. This limits the need for multiple people to attend and decreases the expense.

Promotional Items

No state funds may be used by Local Partnerships (LPs) to purchase promotional items. Examples include branded notebooks, bags, stress balls, hand sanitizers, pens, etc. Contact SCFS for marketing templates and other support to help build awareness and support for programs.

Procurement

The purpose of the procurement policies and procedures required by Act 81 for all Local Partnerships (LPs) is to ensure transparency, accountability, and efficiency in purchasing procedures.

Local Partnerships are responsible for knowledge of and adherence to other funder procurement rules outside of SC First Steps fiscal and operational guidelines.

Planning

After a budget is approved annually, Local Partnership (LP) staff and board must work together to develop a timeline of goods and/or services needed and allow for a 45-60-day window required for:

- Vendor research and selection (bidding if required)
- Purchase order creation, review, and approval
- Delivery time (shipping time).

Planning may require substantial time for purchases over $2,500. Strong planning will reduce administrative tasks related to disjointed or last-minute purchasing activities.

Purchasing Policies and General Procedures

1. All purchases over $100 require advance approval *in writing*.

2. When an item or service is needed, a purchase requisition must be prepared and submitted to the individual with the authority to approve it. The following information must be included: the price, estimated taxes or shipping, a description of the purchase, AND the name of the related program.

3. The approver checks the request against funding rules, appropriate use of funding, and availability of funding. The requestor may not approve the purchase requisition. In Local Partnerships with fewer than two staff, a board chair may approve a purchase requisition.

4. Once the requisition is approved in Sage workflow, the purchase requisition will be converted to a purchase order in Sage.

5. Once the purchase order has been created, the requestor may place the order with the selected vendor not to exceed the amount listed on the approved purchase order.

6. The vendor may request a copy of the purchase requisition to accompany the order, which can be produced in Sage.

7. When goods are received, the related receipts, packing slip, or other acceptable document proving receipt of goods should be attached with the signed purchase requisition in Sage. (See “Receipt of Goods” section below for additional information.)

8. Small variances in the tax/shipping charges from what was listed on the purchase requisition form are acceptable (within 10% of the original amount approved). *If the variance is more than 10%, an amended purchase requisition form must be completed/approved and processed in Sage prior to completing the purchase order.*

Approval Levels

LP Budget (less in-kind)	*Department Manager/Director Approval*	*Executive Director Approval*	*Board Chair or Treasurer (this authority should be clearly defined in LP internal controls and/or bylaws)*
<$500,000	$0-$150	$151-$1,000	$1,001+
$500,000-$1,000,000	$0-$250	$251-$2,000	$2,001+
$1,000,000-$5,000,000	$0-$500	$501-$2500	$2,501+
$5,000,000+	$0-$1,000	$1001-$5,000	$5,001+

For Purchases Between $2,500 - $10,000

1. LPs must check prices from a minimum of three potential vendors. This could include documented web-based searches for pricing.

2. Prices must be published standard prices, or written quotes if published prices are not available.

3. Local Partnership staff must review the prices and make the best selection based on cost and quality/delivery.

4. Once the vendor is selected, the Purchase Requisition and Execution of Purchase must be processed as outlined above.

5. Copies of prices from all vendors must be attached to the purchase requisition in Sage Intacct.

6. For assistance with vendor selection, or justification for sole source, please contact the SC First Steps finance team.

For Purchases $10,000+

Purchases for a good or service over $10,000 require LPs to publicly solicit bids from qualified vendors. This process ensures that all qualified vendors have an opportunity to be considered. Failure to follow the policy may result in the cost being disallowed for payment using state or state distributed federal funds, and the LP will be placed on corrective action.

The required process for purchases over $10,000 is as follows:

1. An advertisement of the desired good or service and the instructions on how to submit a bid must be posted in at least two places which are available to the public for review. Both free and paid advertisements are acceptable if the information is readily available to the general public. Examples include online newspaper ads, social media ads/posts, chamber of commerce distributions, county or city announcement boards, etc. The posting must be placed at least 30 days in advance of the date bids/proposals are due.

2. After the deadline for bids/proposals has passed, a selection committee of the Executive Director, Board Chair, and at least two other Board members must review and score proposals using a standard scoring sheet.

3. No one may serve on a selection committee where there is a personal or familial connection with the potential vendor, anyone who works for the vendor, or anyone who has a financial interest in the vendor.

4. The selection committee must recommend a top proposal based on factors such as price, business reputation, and quality of work/quality of product.

5. The Board of Directors may elect to delegate authority to vote on a contract award to the board's executive committee. This approval must be documented in the minutes of a board meeting prior to action being taken by the executive committee on any contract.

6. If the board has elected to delegate the selection to the executive committee, the selection committee will present the recommendation to the executive committee, which must vote to approve the recommended vendor. This must be documented in the executive committee minutes.

7. If the board has not elected to delegate the selection to the executive committee, the selection committee will present the recommendation to the full board, which must vote to approve the recommended vendor. This must be documented in board minutes.

8. Any board member with a conflict of interest with any potential vendor must recuse themselves from the discussion related to the procurement. This recusal must be documented in the board meeting minutes.

9. Upon approval of the full board less any recused board members, the vendor may be informed that they have been selected.

10. A contract or agreement must be established and signed by both the vendor and the Executive Director.

11. LPs are responsible for knowledge of and adherence to other funder procurement rules outside of SC First Steps fiscal and operational guidelines.

Note that the process required for purchases over $10,000 may take several weeks to complete and obtain approval to proceed. Plan accordingly and allow for a minimum of 8 weeks prior to the date that good or service is needed.

Sole Source Vendors

Sole source purchases could be appropriate when proprietary materials are required and only available from one vendor, or when only one vendor is available to provide the service or good in a specific location, or during the timeframe needed. When an LP encounters a potential sole source scenario, the SC First Steps Local Partnership Fiscal Director should receive written justification for approval within 3-5 business days. Limitation of sourcing options due to poor planning is not acceptable justification in most cases.

Sole source documentation must also be included as back-up documentation when the invoice is submitted for processing.

Examples of sole source vendors include, but are not limited to, Reach Out and Read, Parents as Teachers, and Creative Curriculum.

Vendor Validation and Set Up

Vendor validation and set up is a required internal control process. SC First Steps will receive the LP vendor application (with completed W-9) and validate within 3-5 business days. Purchases cannot be initiated in Sage until the vendor validation and set-up process is completed and a vendor number is assigned.

Shipping and Receiving

Purchases must not be shipped to the personal residence of LP employees or contractors of the Local Partnership who are providing program services for the partnership. Local Partnerships are encouraged to utilize options provided by vendors to list acceptable delivery hours or utilize informed delivery to ensure the package is received during their standard office hours. The Chief Partnership Officer or Local Partnership Fiscal Director can approve an exception in rare circumstances. Approval must be obtained in advance of the order.

If a First Steps office is in a building that has written policy against package delivery, reach out to the Local Partnership Fiscal Director or Chief Partnership Officer for an approved alternate package delivery address.

Receipt of Goods/Services

1. Someone other than the requestor must document the receipt of any goods or services. Satisfactory completion of services must be confirmed before invoice is paid.

2. The person must physically see and account for the goods or services received.

3. A signed packing slip of the goods received, signed delivery confirmation, or some other documentation (e.g., a photo of the goods received in the office space) that confirms receipt of goods must be included with the invoice for payment.

Recurring Payments

Recurring payments for utility bills (electric, gas, water, sewer, trash) and fringe benefit bills (medical/dental coverage, retirement, supplemental insurance) are not required to adhere to purchasing procedures and must be processed for payment when the bill is received.

Emergency Procurement

If an emergency situation occurs, the Executive Director or Board Designee may authorize emergency procurement. Emergency situations include extenuating circumstances when immediate assistance/service is required to maintain the health and safety of LP operations, staff, or facilities. The use of emergency procurement must be reported to the SC First Steps finance team within five (5) business days.

In emergency situations where services to a client of the LP must be rendered immediately, the Executive Director or Board Designee may approve emergency purchases. Email your Program Officer and cc your fiscal analyst if this occurs so that it can be documented.

Routine or Repetitive Purchases from Same Vendor

If the Local Partnership makes routine purchases from the same vendor of variable amounts, a blanket purchase order may be used. For example, if an LP must buy fresh food items weekly from a local grocery store for snacks for a childcare center, the LP may set up a blanket purchase order to that grocery store for $500. The LP may then make weekly purchases and tie the expenses to that approved purchase requisition until the expenses reach $500. At that point, an LP would create an additional purchase requisition for approval before any additional purchases can be made. Blanket purchase orders are subject to the same approval levels.

Capital Expenses

A capital purchase is a significant investment in a tangible asset like a conference table or equipment or an intangible asset like computer software with a useful life to the LP of more than one year. A useful life means the expectancy of and realistic use by the Local Partnership.

Per Section 59-152-120 of the South Carolina Code of Laws, the SC Board of Trustees must approve capital expenses, new construction, or renovation/refurbishing/upgrading of existing facility in advance of purchase *regardless of funding source*.

Requests for approval of capital expenditures over $5,000 must be submitted in writing 30 days in advance.

Examples below:

Expense	*Useful Life Duration*	*Capital Item? (Y/N)*	*Explanation*
CTK toolkits for students costing $6,500	1 Year	N	A CTK toolkit does not have a "useful life more than 1 year" because it is a consumable
Program curriculum costing $7,500	5 Years	Y	Curriculum has a useful life of more than 1 year for the partnership
StoryWalk fixtures costing $10,000	10 years	Y	The fixtures will be used for more than 1 year and have a cost of more than $5,000

Conflict of Interest

Employees who make purchasing decisions must disclose known conflicts of interest in writing to the Executive Director and the Board before participating in any voting or decision making takes place. Conflicts of interest occur when an LP does business with entities owned or controlled by an employee, any contractor, Executive Director, or a relative of either, family member or friend of either who may benefit financially.

Vendor Gifts/Communication

LP staff are prohibited from receiving personal gifts or payments from vendors or potential vendors. Any such gifts or monies received must be immediately remitted to the LP. In the event of a physical gift such as food or supplies, they must be made available to all LP staff. Cash equivalent gifts such as a gift card must be used to benefit operations. Monetary gifts must be recorded as a cash donation to the LP. Vendor gifts of more than $50 value must be reported to the board in the next regular board meeting.

Donations of money, supplies/equipment, or services from vendors are allowed if the donation is made to the Local Partnership and not to an individual employee/board member of the LP. Such donations should be reported to the board at the next scheduled board meeting.

All communication with vendors regarding potential procurement opportunities must follow approved purchasing procedures. Informal discussions or commitments made by voice or email without an approved purchase order are strictly prohibited.

Quarterly Payments (EIA)

See payment schedule included in Comprehensive Grant Agreement.

READY Funding

READY Funding is competitive, one-year funding, that aims to expand one or more programs supported by Formula or other non-First Steps funding.

READY awards must:

- Prioritize evidence-based programs for children from birth through age 3 who live in rural communities and in communities where kindergarten readiness scores are consistently below the state average
- Limit funding to any one county to 10%, currently $300,000
- Expand child- or family- focused programs including parenting, health, and early care and education.

Resource Development

The Local Partnership (LP) board should support resource development activities that maximize the use of in-kind resources (volunteers, goods, services, and facilities) and cash contributions. Local fundraising can help an LP achieve its annual match requirement, expand programs, address unexpected operational needs not covered by state funds, and/or support a planned cash reserve.

Annual Resource Development Plans are recommended. For assistance in planning or potentially applying for other local or regional grants, contact the SC First Steps Director of Local Partnership Grant Development.

Donor acknowledgements must adhere to IRS regulations for in-kind or cash contributions made to tax exempt organization.

- The Local Partnership board shall conduct fundraising activities in an ethical and fiscally responsible manner. A written process shall be developed to address the handling and acknowledgment of contributions and respect for donor confidentiality requests.

- The Local Partnership board shall:

    - Accurately describe the purpose for fundraising activities
    - Expend funds for the purpose they were solicited
    - Maintain accounting segregation for restricted funds
    - Raise funds in accordance with applicable local, state, and federal requirements.

Restricted Assets

Restricted assets encompass cash or any valuable items designated for a specific purpose. These assets are typically set aside to meet regulatory or contractual obligations. Assets must be segregated in the accounting records to ensure they are utilized only for their intended use, preventing misuse or misallocation of funds. These assets may include cash, investments, or physical assets, such as property or equipment.

Technology – Equipment and Software Recommendations

To ensure equipment and software meet the necessary performance, security, and compatibility standards for efficient and secure operations, the following selections are recommended:

Minimum Hardware Specifications

All desktop and laptop devices must meet or exceed the following minimum hardware specifications:

Processor: Intel Core i5 (10th Gen or newer) / AMD Ryzen 5 (3000 series or newer)

Memory (RAM): 16 GB recommended

Storage: 500 GB SSD minimum

Graphics: Integrated graphics acceptable; dedicated GPU required for roles involving high-end design, video editing, or 3D modeling

Display: 1080p resolution or higher

Network: Ethernet port or Wi-Fi 5 (802.11ac) or newer

Peripherals: Functional keyboard, mouse, and webcam (if remote meetings are required)

Operating System: Windows 11 Pro or Enterprise (64-bit)

Recommended Antivirus and Malware Software: Microsoft Defender, Bitdefender, Norton 360 Sophos Endpoint with real-time protection enabled, daily automatic updates of virus definitions, weekly full system scans and firewall must be enabled at all times.

If the budget allows, the LP should purchase an updated computer from a reputable vendor. Dell and HP may offer discounts to non-profit organizations. Contact SC First Steps with requests for assistance.

Timekeeping

Local partnerships often have a mix of funding sources with varying requirements for timekeeping. Additionally, grants passed through SCFS may have varying timekeeping requirements. To ensure compliance with all funding types, all employees must submit time cards for each pay period that document hours worked. Once all features are launched in the ADP System, SC First Steps will provide instruction on entering timesheets electronically. Time should be recorded by program for allocation purposes.

Timesheets must be signed by both the employee and supervisor and sent to UHY for processing. Timesheets for the Executive Director should be signed by a staff member of the Local Partnership (LP) who can attest to the hours worked, in most cases this would be another member of the LP management team.

If the LP does not have such a staff person, contact the Local Partnership Fiscal Director who can approve a designated person to verify the timesheets. All employees must submit timesheets.

Travel Reimbursement

Local Partnerships (LPs) may reimburse employees for mileage not to exceed the IRS mileage rate found here: https://www.irs.gov/tax-professionals/standard-mileage-rates.

A travel reimbursement form (provided by the SC First Steps finance team) including mileage data issued by SC First Steps must be used. The form includes:

- Starting location with address
- Ending location with address
- Miles traveled rounded to the nearest whole mile
- Description listing the purpose of the trip.

Mileage cannot be claimed for the distance of an employee's normal commute to work. For example: Employee A's normal commute from their home to their office location is 10 miles. If Employee A must report to another location at the beginning of their workday, which is 50 miles from their home, they may only claim 40 miles in mileage (50 miles traveled minus their normal commute of 10 miles).

Travel Reimbursement Forms should be submitted monthly and paid within 30 days.

Travel Reimbursement Forms must include the signature of both the employee and the employee's supervisor.

Executive Director Travel Reimbursement Forms must be approved by the Board Chair or Board Designee regardless of amount.

Local Meals

Local meals are not an allowable use of state funds.

Out-of-Town Travel

Out-of-town travel is defined as travel outside of the territory served by each LP. Each LP should exercise good stewardship when utilizing Local Partnership funds to pay for out-of-town travel. Expense allowance for out-of-town travel should be exclusively for employees and board members. Contractors who must travel out of town during their work on behalf of the LP are responsible for their own travel expenses.

Employees who wish to have a friend or family member travel with them must first request permission from the LP Board Chair. If approved, all expenses related to the family member's travel are the responsibility of the employee. No LP funds may be used to cover travel, accommodation, or meal expenses of family members under any circumstances.

Out-of-Town Air Travel

For travel where air transportation is more economical than driving at the current mileage rate, air travel may be booked in economy class. Travel arrangements should be made as early as possible to ensure the most economical fare. Standard fares for luggage are allowed. Paid upgrades such as business class, comfort class, or preferred seating are not allowable use of Local Partnership (LP) funds. The LP credit card may be used for airfare expenses.

Ground Transportation

Local Partnership (LP) employees should evaluate costs of public transportation or rideshare services and rental car costs to determine which is most economical while ensuring safe transportation. Rental car classes should be standard or full-sized. Paid upgrades to premium classes, black-car service, or other similar types are not allowed. The LP credit card may be used for ground transportation expenses if payment by check cannot be arranged.

Hotel Accommodations

Hotels should be selected in safe areas that provide comfortable accommodations for standard room classes. Paid upgrades to larger rooms, suites, or rooms with additional amenities are not allowed. All incidental charges at hotels are the responsibility of the LP employee and should not be charged to the room account. The LP credit card may be used for lodging expenses if payment by check cannot be arranged.

Parking

If necessary, basic parking charges are an allowable expense. Optional upgrades to parking including optional valet service are not an allowable use of LP funds. The LP credit card may be used for parking expenses if payment by check cannot be arranged.

Out-of-Town Meals

Employees or board members traveling out of town on local partnership business should be issued a per diem to cover meal expenses. Meals should not be charged to Local Partnership credit cards. When meals are provided as a part of conferences or through hotel amenities, per diem may not be claimed for those meals. When using state funds, the per diem rates may not exceed those established by the state of South Carolina. Current per diem rates for meals can be found here:

https://cg.sc.gov/sites/cg/files/Documents/Guidance%20and%20Forms%20for%20State%20Agencies/Travel%20Forms%20and%20Millage%20Rate/2019MealRateMemo.pdf

Upon return from a trip, employees or board members should submit a per diem payment request listing the details of the travel and the number of breakfasts, lunches, and dinners eligible for per diem payment. If necessary, employees may request an advance of their per diem. If such an advance is approved, the employee must submit an amended per diem payment request verifying the number of each meal eligible for per diem payment upon return from the trip. Any advance per diem issued in excess of the final per diem form must be returned to the Local Partnership.

Local Partnerships with non-SC First Steps issued funds, including private donations, must understand and adhere to any restrictions or requirements on meal expenses or per diem rates issued from non-SC First Steps funds.

Alcoholic Beverages

Alcoholic beverages are not an allowable use of Local Partnership funds under any circumstances.

Entertainment or Leisure Expenses

Expenses related to entertainment or leisure activities are not an allowable use of Local Partnership funds under any circumstances. Examples include tours, sporting events, concerts, museum admission, etc.

UHY (formerly Manley Garvin)

UHY is the external accounting firm on contract to provide financial management services for SC First Steps Local Partnerships (LPs).

Every county is assigned a primary and back up contact. UHY maintains a profile for each county to ensure understanding of localized approach for payroll timing, etc.

It is imperative to communicate any changes related to finance, payroll, benefits enrollment, and staff changes as soon as changes occur. For guidance email your UHY accountant or call 864-229-4951.

Utilities

Recurring payments for Local Partnership (LP) utility bills (electric, gas, water, sewer, trash) are not required to adhere to purchasing procedures and should be processed for payment when the bill is received.

Vendor Setup

When Local Partnerships (LPs) want to purchase goods or services from new vendors, vendors must complete a vendor packet and be approved by the SC First Steps finance team before goods or services can be purchased. Vendors will be issued a vendor packet to complete, which includes collecting all information necessary to fully vet the new vendor and set them up in the accounting system. Approval of new vendors may take up to five (5) business days, and LPs may not purchase goods or services from the vendor until they have been approved and entered into the accounting system. Each vendor will be assigned a unique vendor number in the accounting system. Additional information will be provided during the transition to Sage Intacct.

For Local Partnerships with non-SC First Steps funders that do not allow grantees to use vendors who are disbarred from SAM.gov, it is the responsibility of the Local Partnership to check the SAM status before doing business with the vendor.

Websites

A local First Steps website domain must adhere to the following requirements:

www.*name of county* + "firststeps".org

CORRECT**:** www.smithcountyfirststeps.org www.smithfirststeps.org

INCORRECT**:** www.smith1ststeps.org www.smithfs.org

All words should be spelled with letters only. Inclusion of the word "county" is optional. For assistance with domain registration, web design, or other website related issues, contact the SC First Steps engagement team.

Whistleblower Policy

See SC First Steps Local Partnership Personnel Policies for Whistleblower Policy.

Workers' Compensation

Workers' Compensation coverage is provided to Local Partnerships (LPs) by SC First Steps through the State Accident Fund. Each year, the auditors at the State Accident Fund review multiple data points and determine the annual premium, which is covered by SC First Steps.

Employees of the LP are covered under the policy. Volunteer board members can also be included (optional).

In order to cover board members by Workers' Compensation, the LP must submit the board listing form along with the staff Workers' Compensation form that SC First Steps sends out each July. After the July deadline, LPs that want to cover board members under Workers' Compensation should reach out to the SC First Steps Local Partnership Fiscal Director to inquire if they can be added.

The State Accident Fund contracts with a Medical Management Vendor (CompEndium) that works with the adjuster at the State Accident Fund on all Workers' Compensation claims.

Procedures for Work Related Injuries

In case of an emergency, dial 911 or go to the nearest Emergency Room and then contact your supervisor and CompEndium Services at 877-709-2667. CompEndium will have someone available 24/7 at 877-709-2667.

For non-emergency injuries, the Supervisor and Injured Worker together must call CompEndium Services immediately at 877-709-2667. Please be sure to indicate that you are reporting an injury from Office of First Steps to School Readiness and which local Partnership you represent when reporting an injury to CompEndium.

CompEndium will assist you in processing and scheduling your work-related injury for treatment and claims handling with your insurance provider.

The injured employee and his/her supervisor will then complete the Employee and Employee Supervisor Injury Report Form and provide to the State Accident Fund. (CompEndium and/or staff from the State Accident Fund will communicate directly with the Local Partnership Executive Director.)

Throughout the claim, the Local Partnership Executive Director or Human Resources Manager (if applicable) will be contacted by Compendium or the State Accident Fund regarding the injured worker's claim. It is important that the Local Partnership maintain good communication with CompEndium and the State Accident Fund staff throughout this process.

Year-End Reporting (Fiscal)

Year-end fiscal reports are required by legislation and are prepared by UHY. Local Partnerships (LPs) must have all invoices for the prior fiscal year entered in the financial management system by July 15. Invoices submitted after July 15 will be recorded in the subsequent fiscal year. LPs should communicate with vendors to ensure that all invoices are received and recorded in the appropriate fiscal year.

Executive Directors should review finalized reports with UHY for each fiscal year to ensure their accuracy, understanding, any potential audit issues, and impact on the subsequent year's budget.

990

Each year, UHY prepares the IRS Form 990 for each LP. The 990 is a required annual report for tax-exempt organizations. Local Partnerships (LPs) will be asked to submit related information around February each year for the prior fiscal year. The 990 is an important document readily available to the public. Draft 990 reporting forms should be presented to the LP Board for review and acceptance before signed by the Executive Director and returned to UHY.

LPs must follow the legal naming convention on the 990. The SC First Steps finance team can provide guidance as needed.

Appendixes

A 2025-2030 SC First Steps Strategic Plan
B Branding Guidelines
C Sample Bylaws
D Confidentiality Policy
E Minimum Performance Requirements