

Contents

1. INTRODUCTION.....	1
2. HISTORY.....	1
2.1. NATIONAL PROGRAM HISTORY.....	1
2.2. OHIO SBDC HISTORY.....	2
3. OHIO SBDC RELATIONSHIP AND STRUCTURE.....	2
3.1. MISSION, VISION AND GOALS.....	3
3.1.1 CORE VALUES.....	3
3.2. SPONSOR RELATIONSHIPS.....	3
3.3. STATE LEAD CENTER.....	5
3.4. STRUCTURE AND TERMINOLOGY.....	6
3.5. NETWORK ORGANIZATION.....	8
3.6. GOVERNING DOCUMENTS.....	12
3.7. CLOSING AN SBDC IN OHIO.....	14
3.8. ADVISORY BOARDS.....	14
3.9. RESOURCES & RELATIONSHIPS.....	15
4. LOCAL CENTER/HOST REQUIREMENTS.....	18
4.1. POLICIES AND REQUIREMENTS.....	18
4.2. PHYSICAL STANDARDS.....	20
4.3. RECORDKEEPING AND RETENTION.....	23
4.4. LEGAL REQUIREMENTS.....	26
5. SBDC OPERATIONS.....	28
5.1. SCOPE OF WORK.....	28
5.2. TRAINING.....	31
5.3. INFORMATION COLLECTION AND REPORTING.....	36
5.4. EVALUATION.....	37
5.5. MILESTONES.....	37
5.6. PROGRAM PARTICIPATION.....	38
6. CENTER STAFFING & EMPLOYMENT STANDARDS.....	39
6.1. EMPLOYMENT STANDARDS.....	39
6.2. CENTER STAFFING.....	45
6.3. CBA® PROFESSIONAL DEVELOPMENT.....	48
6.4. TIME AND EFFORT CERTIFICATION.....	48
7. COUNSELING.....	48
7.1. CLIENT RIGHTS AND RESPONSIBILITIES.....	48
7.2. COMPLAINT PROCEDURE.....	50
7.3. INFORMATION COLLECTION.....	51
7.4. MANAGEMENT INFORMATION SYSTEMS (MIS).....	53

8. BUDGETS & ACCOUNTS	53
8.1. BUDGET	54
8.2. RESTRICTED EXPENDITURES AND/OR UNALLOWABLE COSTS	57
8.3. ALLOWABLE COSTS	57
8.4. BUDGET JUSTIFICATION	64
8.5. ACCOUNTS	66
8.6. PROPERTY STANDARDS	68
8.7. PROCUREMENT STANDARDS	70
8.8. AUDITS	72
8.9. RECORDKEEPING	74
9. PROPOSALS AND REPORTS	76
9.1. PROPOSALS	76
9.2. REPORTS.....	77
10. APPENDIX	78
10.1. SPEACIALIZED MATERIALS.....	78
10.2. LEAD CENTER DOCUMENTS.....	78
10.3. FEDERAL REGULATIONS - SBDC PROGRAM	78
10.4. ASBDC ACCREDITATION STANDARDS.....	79
10.5. ASBDC OTHER DOCUMENTS.....	79
10.6. FORMS.....	80
10.7. CBA (CERTIFIED BUSINESS ADVISOR®) TRAINING GUIDE	80
10.8. 888 TRAINING REPORT MANUAL.....	80
10.9. MANAGEMENT INFORMATION SYSTEM (MIS) CENTER IC MANUAL	80
10.10. REPORTS.....	80
10.11. DEFINITION OF TERMS	81
10.12. CURRENT REQUEST FOR PROPOSAL (RFP).....	85
10.13. SBA POLICY DIRECTIVES.....	85
10.14. OHIO TRAVEL POLICY.....	85
10.15. HOST ACCOUNTING DIRECTIVES	85
10.16. FIXED ASSET INVENTORY LIST.....	86
10.17. CLOSING CENTER PLAN	86

1. INTRODUCTION

The purpose of the *Ohio Small Business Development Center (SBDC) Operations Guide* is to help local SBDC service center staff understand the SBDC program, expectations, and individual responsibilities in both managing and counseling clients. The guidelines should aid in providing consistency and compatibility in terms of services and operating issues from center to center. Management at the state lead center places a heavy emphasis on partnerships with local sponsors and is open to suggestions for improvements to the network. SBDCs are encouraged to suggest ways to improve the procedures and policies identified in this publication to any staff member of the state lead center.

Please note that the policies and procedures written or referred to in federal law, circulars, and other important government documents supersede all other prior verbal agreements, exceptions, rules and/or policies and procedures of the Ohio SBDC Network. Therefore, it is strongly suggested that all center directors be familiar with these requirements. Links to the current versions of these documents are included in the appendix of this manual.

Portions of the *Ohio SBDC Operations Guide* will be updated as necessary. Updates will be made available in the eLibrary in CenterIC. SBDC Directors shall be responsible for ensuring that each staff member adequately reviews this guide, as well as subsequent updates.

Also available are specific manuals which incorporate parts of the Operations Guide:

- Director
- Business Advisor
- Host
- Financial Manager

2. HISTORY

2.1. NATIONAL PROGRAM HISTORY

In 1977, the U.S. Small Business Administration (SBA) funded a pilot program at eight universities across the country--University of Georgia, California State Polytechnic University, California State University, the University of Southern Maine, the University of Missouri, the University of Nebraska, Rutgers University and the University of West Florida. These eight schools were chosen to participate in the "university business development center" program because they already had development services or programs in place.

Between the spring of 1977 and the summer of 1980, several efforts were initiated to enact federal legislation aimed to expand the university business center model into a national program. In July 1980, Public Law 96-302--the Small Business Development Center Act--established the national SBDC program and provided funding for the program.

The Small Business Development Center Act did not insist on a formal program tie to institutions of higher learning, but it built substantially upon the experience and lessons of the existing SBDCs. Key elements carried forward into the SBDC program were the concept that the program represented a partnership between the SBA and the SBDC in the state served and that program priorities and operations were to be uniquely determined to best meet local needs and conditions.

Ohio Small Business Development Center

Since 1980, the SBDC program has grown dramatically from 10 SBDCs and an annual budget of \$4,000,000 to 63 SBDCs and an annual budget of \$112,000,000. In more recent years funding levels have been reauthorized and increased through direct support of the U. S. Congress.

The rapid expansion of the national program over the past decade has been mirrored by huge increases in the programs and services offered by the SBDCs and by very substantial impact on a large and rapidly growing small business client base.

Despite the growth and obvious success of the SBDC program, there have been threats to the program, ranging from efforts to eliminate the SBA to the elimination of the SBDC program itself. There have also been sporadic efforts to undermine the fundamental partnership relationship between the SBA and the SBDCs through changes in policies and procedures.

The national SBDC program has successfully weathered all challenges to date for several reasons.

First, it has always been a results-oriented program. Second, it has been systematic in documenting its activity and impact. Third, it has historically enjoyed a high degree of congressional support—made easier because the SBDC produces effective results.

Now and in the years ahead, the SBDC program, like most government funded programs, will continue to be scrutinized as to its merit and value as the federal government seeks to find ways to reduce spending and the overall size of government.

2.2. OHIO SBDC HISTORY

The Ohio SBDC Program was established in 1985 in partnership with the U.S. Small Business Administration's national SBDC Program initiative. The previously designed Small Business Enterprise Center Program, combined with the new SBDC (six original centers) process, evolved into the SBDC network. The new Ohio program's mission became the identification of a local organization which could, through this state and federal partnership, build a local community's capacity to provide in-depth small business counseling and training and to foster a strong climate for small business growth. Over the years, more than 50 community partnerships have been established creating a statewide-integrated system of small business service, advocacy and awareness. Today, these partnerships contribute cash and in-kind resources (both public and private) which when combined with the state and federal funding; create an annual investment of over \$10 Million in support of Ohio's small businesses.

The current dynamics of the Ohio SBDC Program are presented in several formats, including the Ohio SBDC Network Map, and the Ohio SBDC Partnership Model included in the Appendix.

3. OHIO SBDC RELATIONSHIP AND STRUCTURE

This section defines the structure of the Ohio SBDC program, and details the role of the state lead center in its program responsibilities.

3.1. MISSION, VISION AND GOALS

The Mission of the Ohio SBDC Program is:

“Accelerate Ohio’s economy by helping people start, sustain and grow their businesses.”

The Vision of the Ohio SBDC Program is:

“Transform Ohio into an innovative entrepreneurial-based culture”

Entrepreneurs choose to locate in Ohio because of the great quality of business life. Small businesses flourish long-term because they can easily access a coordinated network of alliances and resources. Public policy embraces entrepreneurship and encourages informed risk taking. Small business wealth creation strengthens local communities and fuels Ohio’s economy.

SBDC . . . the driving force behind small business success!

The SBA has established the SBDC program to provide quality, in-depth counseling and training assistance to small businesses in order to promote growth, expansion, innovation, increased productivity and improvement management. To accomplish these objectives, the SBDCs link resources of the Federal, State and Local governments with the resources of the educational system and the private sector to meet the specialized, complex and changing needs of the small business community.

The SBA definition of a small business is complex, based upon sales, profits, type of business and number of employees. For general purposes, the SBDC describes its client population as having 500 or fewer employees.

3.1.1 CORE VALUES

The Ohio SBDC Program has adopted the following Core Values:

- **CUSTOMER SERVICE** – provide customer-driven quality and exemplary assistance to our clients;
- **QUALITY EDUCATION** – provide accurate, appropriate and timely business information for small business problem solving and decision making;
- **RESPONSIVENESS** – provide immediate engagement of public and private, local, state and federal business resources;
- **STRATEGIC GUIDANCE/COLLABORATION** – provide for the smooth and expedient transition of our small business customers from public to private resources.
- **LEADERSHIP CAPITAL**- provide leadership practices and active engagement in leadership tasks that infuse meaning into standardized and professionalized management functions and keep organizations focused on their missions.

3.2. SPONSOR RELATIONSHIPS

The SBDC program is a three-way partnership between SBA, the Ohio Development Service Agency (ODSA) and a variety of local organizations, with deliverables

Ohio Small Business Development Center

negotiated at each level. The federal/state relationship is defined annually through a negotiated Cooperative Agreement. The ODSA then negotiates and selects community-based organizations to establish local centers, which provide one-to-one business counseling, training, and specialized support to the small business community.

FEDERAL/STATE RELATIONSHIP

The SBA states in the Federal Rules and Regulations for the SBDC program that only educational entities are eligible to operate an SBDC network, unless it is an entity operating as a recipient organization as of December 21, 1990, or it is an entity formed by two or more educational institutions. The Ohio SBDC falls into this group of exceptions as an organization in operation on or before 1990 (1985 specifically).

Philosophically, the Ohio program has differed from the traditional SBDC program in many ways, mostly stemming from its sponsorship by an economic development state agency. Unlike many university-based programs, Ohio has always measured its success by the economic impact of its clients upon the State's economy. Such measurements were adopted for the first time in 1996 by the SBA and are now required throughout the nation.

The ODSA holds the contract, officially referred to as the Cooperative Agreement, with SBA to provide the services of the SBDC program throughout the entire State of Ohio. (Note: The ODSA and/or state office may also be referred to as the recipient organization in this handbook.) The amount of the contract is based on a maximum amount, or "cap", determined by state population. Milestones for the SBDC program are determined first through negotiation with local centers, then summarized, negotiated and set forth in the annual proposal for continuation of funding to SBA.

STATE/LOCAL RELATIONSHIP

Local sponsors play a critical role in the success of an SBDC. It is the practice of the state office to renew local partnerships on a biennial basis provided the local sponsors meet performance expectations. Operating budgets and work-plans are negotiated annually. Should an organization within the service area of an operating SBDC ask to become a service delivery partner, it is the position of the state office that such sites must be negotiated with the pre-existing SBDC. It is also required that all such sites have the minimum configuration of appropriate infrastructure, and match defined and pre-committed prior to establishment. The new service and/or center should be structured according to the requirements of this manual, our national and state governmental funding partners, and the ASBDC.

The SBDC has encouraged flexibility and diversity by allowing various types of organizational sponsors, which effectively meet the needs of their localities. Therefore, the SBDCs encompass many variations of a common mission.

Now that the program has grown out of its infancy, the task is to align centers into regional and statewide networks of cohesive programs while maintaining the individuality of services and structures.

SBA greatly encourages both lead and local centers to obtain contracts and grants from sources other than SBA. ASBDC accreditation standards state that a mature SBDC should be able to demonstrate a strategy for seeking supplemental funding and that those funds are consistent with the SBDC mission. Also, centers should

ensure that personnel, funding and/or equipment contributions are made to the SBDC by the private sector.

3.3. STATE LEAD CENTER

Obligations of the State Office required by both Federal Regulations, SBA Annual Program Announcement and ASBDC Accreditation Standards:

- It must be an independent entity within the recipient organization. The SBDC must have a separate budget and identity and should not be an indistinguishable part of a larger unit.
- It must have its own full-time staff, including a full-time SBDC State Director.
- It is required that the SBDC State Director should report to an individual who is no lower than the third level of management or administration within the host institution or agency.
- The lead center must provide administrative services and coordination for the SBDC network, including program development, program management, financial management, reports management, promotion and public relations, program assessment and evaluation, and internal quality control.
- The lead center must ensure statewide coverage and maintain the services and restriction on service outlined under Center Operations. It is required that the service delivery system, the mix of services (counseling, training, information dissemination, etc.) and its geographic coverage relates to the changing needs of the small business community.
- The SBDC should be a private/public partnership. Support for the SBDC should be demonstrated by the direct funding from the state legislature, the host agency, local centers, state agencies, foundation or units in the private sector.
- The SBDC should be able to document that there is direct match funding from eligible sources into the program.

Additional Federal Regulations pertaining to the state office: The lead center must be accessible to the public and operate during the normal business hours of the recipient organization.

The lead center, like local centers, must also operate under a conflict of interest agreement and may not discriminate.

Additional ASBDC Accreditation Standards pertaining to state office:

- The SBDC must show that the host institution and its chief administrator understand and support the program, and that the program has become a component of the institution's economic development effort.

Ohio Small Business Development Center

- The SBDC must demonstrate that it has systems and a structure capable of overseeing and managing its budgets. Given appropriate administrative requirements, the State Director should be in control of the SBDC network's budget and able to assure that program generated income is used in support of the SBDC program.
- The SBDC organizational structure must be consistent with the SBDC mission, goals and funding abilities. The SBDC should be capable of supporting the Strategic Plan, including ensuring that staff deployment is consistent.
- The State Director must demonstrate sufficient authority, communication and oversight over all SBDC centers as established by Memoranda of Agreement. (In Ohio's case, grant agreements.)
- The lead center should also demonstrate the availability of sufficient resources to manage the SBDC network.

3.4. STRUCTURE AND TERMINOLOGY

The SBDC State Lead Center is a program within the Office of Business Assistance at the ODSA. This arrangement prevents the position of State Director from becoming politically appointed, which is strictly forbidden by SBA guidelines, and ensures continuity in program administration. Also as required by federal regulation, in our non-university setting, the State Director is accountable directly to a position equivalent to that of a division director or higher official of the state-endorsed organization responsible for small business development.

Local center directors officially report directly to the State Director (or his/her designee) for programmatic purposes and, in his/her absence, to the Associate State Director. Other state office management staff operates in a support role to the local centers and report to the State Director. As the direct supervisor of local centers, the State Director is ultimately responsible for the fulfillment of the contract with SBA, the local sponsors and the ODSA, and carries all authority inherent in such responsibility. As the representative of the ODSA, the State Director works in a cooperative role to negotiate program issues with both the SBA and the local sponsors.

3.4.1. Role

The SBDC State Lead Center shall provide for the overall management, oversight and administration of the SBDC network and program. These administrative responsibilities shall include, but not be limited to:

- Program and resource development,
- Program management,
- Promotion and public relations for the Ohio network,
- Financial accounting, grant management and oversight,

- Reports management,
- Program quality and evaluation, and
- Partnership development and identification of new funding sources

3.4.2. Personnel and Responsibilities

STATE DIRECTOR

Directs and monitors all program activities and financial affairs of the SBDC network to deliver effective services to the small business community, comply with applicable laws, regulations, and standards.

He/she serves as the principal contact point for all matters involving the SBDC network and serves as the program's representative to the ASBDC.

According to federal regulations, the state director may manage other programs in addition to the SBDC program if the programs serve small businesses and do not duplicate the services provided by the SBDC network. However, the state director may not receive additional compensation for managing these programs.

3.4.3. Oversight

3.4.3.1. ASBDC Accreditation

A new policy adopted in 1995 by SBA and the ASBDC requires the ASBDC to regulate SBDCs to ensure a quality program nationwide. Through a contract from SBA, all SBDCs across the country must become accredited. A team of peers will regularly review each state to ensure all requirements of accreditation are met. ASBDC accreditation standards and process details can be found in the eLibrary. Teams will visit local centers as well as reviewing functions of the state lead center. The Ohio SBDC participated in and received its first national certification in July 1987. Subsequent reviews will be conducted every four years thereafter and defined by the current policies and guidelines of the ASBDC and shall consider previously defined Ohio SBDC plans and programs and any responses to prior audits, reviews, and/or related deficiencies. All SBDC programs must be accredited by the year 2000 and maintained thereafter, in order to be eligible for continued SBA federal funding.

3.4.3.2. Field On-site Reviews

STATE REVIEWS

The State Lead Center will perform a financial and programmatic review at local centers once a year to ensure compliance with guidelines set in the Memorandum of Agreement, Federal Regulations, OMB Circulars and ASBDC Accreditation Standards. Problem areas will be communicated in writing to the local director. Should problems persist; the State Director will meet with the local director and host institution representative to plan immediate improvements. See eLibrary for On-site Review Format.

SBA REVIEWS

Ohio Small Business Development Center

The SBA Project Officer is the representative of the SBA District Office responsible for oversight of the statewide program. SBA requires the Project Officer to make periodic reviews of each center. A report is sent to the State Director with a request for response to any non-compliance areas. Local directors are requested to notify the State Director of such visits and give their comments and concerns.

SBA may also conduct investigations as it deems necessary to determine whether any person or entity has engaged in acts or practices constituting a violation of the SBDC Act, any rule, regulation or order issued under that Act, or any other applicable Federal law.

OTHER POSSIBLE REVIEWS

The Office of Inspector General-SBA will conduct federal audits, which include a review of state lead center activities, financial records, and local SBDC activities.

The SBA will, on notice to the State Director, make programmatic and financial review visits to the local centers to inspect records and client files and to analyze and assess SBDC activities.

3.4.4. Marketing Standards

It is the responsibility of the state lead center to promulgate marketing standards for the network. Such standards must meet the **requirements as set forth in the SBA Annual Program Announcement.** See Section 3.6.1.4

The current Marketing Standards for complete specifications can be found in the elibrary.

3.4.5. Operating Committees

The state lead center will establish ad hoc committees as needed on a variety of subjects and relevant issues to the SBDC program.

3.5. NETWORK ORGANIZATION

3.5.1. Ohio SBDC Network (includes SBDC, ITAC, and MTSBDC Service Centers)

ODSA is referred to in the statewide plan as the “state lead center”. The state lead center receives funding from the SBA to operate a program of comprehensive small business management assistance. This statewide program is referred to as the Ohio SBDC Program.

The Ohio SBDC Program includes other participating local organizations, referred to as “SBDC local service centers”, which receive funding through the SBDC State Lead Center to provide services to small businesses in their service area. The combination of the lead SBDC, SBDC local centers and any established satellite locations is referred to as the “Ohio SBDC Network” or “Ohio SBDC Program”.

The Ohio SBDC Program delivers services through twelve (12) district consortia. A consortium is defined as a network of independent host agencies,

collaboratively providing for the planning, implementation, monitoring and delivery of a regional small business delivery system.

3.5.1.1. Manufacturing and Technology SBDC

Manufacturing and Technology SBDCs (MTSBDC) provide expert business counseling assistance to Ohio's small manufacturers and defense dependent industries. Co-located in Ohio's Edison Centers and other technology-related host providers, these SBDCs represent a working partnership between the U.S. Small Business Administration, the Ohio Development Service Agency's Technology Division and Ohio's higher education system. MTSBDCs are considered to be an active part of the Ohio SBDC Network and are to be included in regional meetings, events and planning activities.

3.5.1.2. International Trade Assistance Centers

Each International Trade Assistance Center (ITAC) program provides export-counseling assistance to Ohio's small businesses. These centers represent a working partnership between the Ohio Development Service Agency's Office Business Assistance Export Assistance, the US Department of Commerce and local trade organizations. The ITACs serve as the first point of contact for information, resources, referrals and counseling for the new-to-export small business. ITACs act in concert with the general SBDC goals and objectives. ITACs are to be included in regional meetings, events and planning activities.

3.5.1.3. Partnerships with Institutions of Higher Education

Each consortium must have at least one "higher education - post secondary" education partner (i.e., two year colleges, technical colleges, universities, etc.) Federal legislation mandates that a majority of a state's delivery partners be located in "higher education" settings. To meet this mandate, the ODSA reserves the right to re-negotiate proposed consortium relationships to ensure statewide compliance.

Proposals without formal higher education partners may be conditionally funded pending the addition of an appropriate partner to the plan.

3.5.1.4. Partnerships with Economic Development Organizations

Each consortium *must* also build a partnership(s) with an economic development organization, e.g., chamber(s) of commerce and other economic development agency (ies). The purpose of building such diverse partnerships is not only to augment the services the SBDCs provide, but also to exchange information and provide business-critical solutions to the SBDC's end customer—the small business owner—that reflect industry expertise.

3.5.1.5. Consortium Organization and Coordination

Each consortium shall appoint a District Consortium Leader", who will insure the proposal shall include mechanisms for the following:

Ohio Small Business Development Center

- District program planning and assessment;
- District program decision-making and problem-solving;
- District program goal-setting;
- District program monitoring; and
- District strategic marketing plan development that outlines the SBDC services and network services of the district.
- SBDC staff attendance on all required State of Ohio Ethics Trainings.

The consortium will name a “District Consortium Leader” to lead the district programmatic activities, communication delivery and coordinate quarterly (routine) district meetings. The consortium Leader will coordinate with all partners and service centers to meet the business needs strategically for the district and will maintain district reporting i.e. semi-annual narrative, monthly activity updates; to meet the requirements of the SBDC State Lead Center. Each service center within the consortium will receive a direct grant agreement for the funding period from SBDC State Lead Center.

Each consortium will establish an advisory committee to provide input for activities, direction and support for the local small business community. The district advisory committee shall include the representative to the State’s SBDC Advisory Council, and a majority of small business owners. Other members may include community leaders or partners who support the small business community. The district proposal will include the contact list of such advisory committee.

Educational institutions or organizations that are incorporated in the State of Ohio as a “non-profit” may apply as a service lead center, a consortium partner, Manufacturing & Technology Small Business Development Center (MTSBDC) or an International Trade Assistance (ITAC). Programs such as chambers of commerce, economic development agencies and other non-profits are also eligible. ***“For-profit” organizations can be considered as consortium partners, however these organizations cannot be host applicants to receive funding through the Ohio SBDC Program.***

A consortium may consist of as many local centers, satellites, and circuit riders, as deemed necessary to cover the respective region. If district boundaries overlap service areas with long-standing, successful - previously negotiated relationships, the proposal should address this in detail.

An inter-region agreement outlining the framework of the partnership, terms of reimbursement, milestone expectations, reporting parameters, etc. must be included with the proposal for approval by the State Lead Center.

All SBDC service delivery sites that do not have full-time 40-hours-per-week staff shall be designated as an “SBDC satellite” office. Satellite offices may be maintained in the following ways;

- A Region Lead Center may partner with a host location to establish regularly scheduled office hours by full-time SBDC staff (circuit rider) in

Ohio Small Business Development Center

return for office space and utility services provided on an in-kind basis, and/or cash contribution to the Region SBDC program.

- Each Service Centers may establish a performance contract with an approved site for SBDC eligible consulting. **A \$50 per hour fee** is the maximum amount that will be approved to be reimbursed for consultants, unless special circumstances dictate a higher rate. These will be decided on a case-by-case basis.

Center IC reports will determine the hours to be reimbursed.

3.5.1.6. Marketing and Product Development

The specific identification "Small Business Development Center" shall be a part of the legal name of every SBDC location, including ITACs and MTSBDCs be referred to accordingly in all of its marketing and public relations materials.

Each consortium shall identify a district marketing plan that details the SBDC services and network services of the district. This marketing plan shall include the SBDC local center network as well as funded program affiliates, ITAC and MTSBDC locations. Each district consortium is encouraged to develop materials that highlight program strengths and offerings of the district as a whole.

Must follow Marketing specifics from SBA and State Lead Center.

All marketing materials must contain the identification of the SBDC in the following manner:

- The Ohio SBDC at [insert name of location] Chamber of Commerce
- The Ohio SBDC at [insert name of location] University
- The Ohio ITAC at [insert name of location] Chamber of Commerce
- The Ohio MTSBDC at [insert name of location] Organization

Each service center must comply with the Ohio SBDC graphics standards. The use of the program's naming convention (Items above), SBDC and SBA logos, disclaimers, and other standards must be used on all printed and electronic materials, media, etc.

Each service center must have brochure, business cards and marketing materials, marketing plan, etc., to be used in local, specific markets to meet requirements of the graphic standards.

All service centers' marketing materials must display statements and disclaimers immediately below or adjacent to the SBA logo:

- "The Ohio Small Business Development Center (SBDC) program is funded in part through a cooperative agreement with the U.S. Small Business Administration. The SBDC program is also funded in part by

the Ohio Department of Development. All opinions, conclusions or recommendations expressed are those of the author(s) and do not necessarily reflect the views of the SBA. Reasonable accommodations for persons with disabilities will be made if requested at least two weeks in advance. Contact (name, address, and phone number of person who will make the arrangements).”

These statements and disclaimers must appear verbatim and may not be altered or replaced with substitute language. However, on materials with severe space constraints such as signs and banners, an SBDC may substitute “SBA” for “U.S. Small Business Administration” in the acknowledgement of support. The acknowledgement of support must be presented in a legible typeface, font size and - where applicable - color contrast.

This terminology is subject to change based on the SBA’s current Program Announcement.

The Ohio SBDC program distinction must be prominent in all marketing materials.

3.6. GOVERNING DOCUMENTS

ODSA, as the grant recipient from the SBA, must follow certain published regulations regarding the SBDC Program. These documents are outlined below. These documents, along with this manual, create the rules and regulations by which all local centers must abide in order to meet the terms of their contract.

Should you discover any conflicting regulations between these documents, please contact the state office for a clarification.

3.6.1. Federal Regulations

In 1995, Congress passed amended legislation regulating the Small Business Development Center program. 13 Code of Federal Regulations (CFR) Part 130 establishes a framework for the SBDC program established by Pub. L. 96-302 in 1980. Some items of interest include: prohibition of an SBDC making, servicing, or awarding loans; cash match must be non-federal funds equal to no less than fifty percent of the federal funds and may not be from any other federal sources; and fees may not be imposed for counseling. A web link to the Federal Regulations related to the SBDC program and grant are located in the Appendix.

3.6.2. OMB Circulars

The Federal Office of Management and Budget publishes circulars that apply to all organizations operating with federal funds. The circulars applying to the SBDC program are:

- 2 CFR Part 220 “Cost Principles for Educational Institutions.” (OMB Circular A-21)

Ohio Small Business Development Center

- 2 CFR Part 215, “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.” (OMB Circular A-110)
- 2 CFR Part 230, “Cost Principles for Non-Profit Organizations.” (OMB Circular A-122)
- 2 CFR Part 225, “Audits of State, Local, and Indian Tribal Governments” (OMB Circular A-87)
- 13 CFR Part 143 “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments” (OMB Circular A-102)
- 29 CFR part 99, “Audits of States, Local Governments, and Non-Profit Organizations.” (OMB Circular A-133)

Current versions of OMB Circulars are available from the Office of Management and Budget’s website. The address is:

www.whitehouse.gov/WH/EOP/OMB/html/circular.html.

To the extent that OMB Circulars are amended or modified during the term of the Cooperative Agreement, such changes are incorporated by reference into the Cooperative Agreement on their effective date.

3.6.3. Program Announcement and Cooperative Agreement

Each year, SBA sends out a Program Announcement for the upcoming year to all current statewide sponsors of the SBDC program. This Request for Proposals is closed to any new host organizations, unless the current host decides not to propose for the upcoming year. The program announcement outlines all the policies and requirements that the state must propose to meet. The SBA District Project Officer may add requirements as deemed necessary and agreed upon by the District Director and the SBDC State Director. Upon acceptance of the proposal, SBA sends out the Notice of Award or Cooperative Agreement. Centers are provided copies of the Program Announcement annually. The most current is available in the eLibrary.

3.6.4. Grant Agreements

Upon receiving the cooperative agreement, the state office sends out a Grant Agreement to each SBDC host institution. The Grant Agreement is the contract between the ODSA, as represented by the SBDC state office, and the SBDC host institution to operate a SBDC in a certain district. The grant agreement contains certain regulations and directives to meet proposal objectives and comply with federal requirements. A basic outline of the grant agreement can be found in the Appendix, although this document may vary from center to center and year-to-year depending on negotiated deliverables.

3.6.5. ASBDC Accreditation/National Delivery System

ASBDC accreditation requirements expand on several federal regulations to set standards to ensure quality in SBDC organization, operations and services. The standards are modeled after the Malcolm Baldrige Quality standards. Peer review groups will examine SBDCs to measure the level at which these standards are met. ASBDC accreditation will play a significant role in the continuation of funding of SBDCs.

3.7. CLOSING AN SBDC IN OHIO

3.7.1 PROBATION

If a center fails to perform to standards as set forth in any of the Governing Documents as prescribed above, the Ohio SBDC State Lead Center has the right and obligation to impose a probationary period the allow for resolution of issues. As stated in the Cooperative Agreement:

3.7.2 PROCESS TO CLOSE

If a center fails to perform to standards as set forth in any of the Governing Documents as prescribed above, the Ohio SBDC State Lead Center has the right and obligation to close an Ohio SBDC service center. Specific procedures are prescribed to lead to a smooth closing. Details provided in Section 23 of the Cooperative Agreement.

If at any time during the term of the grant agreement, ODSA determines that any service center host has not satisfactorily complied with the terms of this agreement or is in violation of any program rules or requirements contained or referenced herein or if the service center host has failed to follow any lawful program rule or instruction communicated to it by State Lead Center, ODSA may: a). Immediately terminate the Agreement; or b). Provide written notice of ODSA's determination that the service center host has not complied with the terms of the Agreement and specify a cure or probationary period during which the service center host must correct the noted deficiencies to avoid termination.

3.8. ADVISORY BOARDS

3.8.1. SBA's SBDC Advisory Board

The SBA accepts nominations from the entire SBDC Network to offer guidance to the organization from the perspective of business.

3.8.2. ASBDC's Advisory Board

The ASBDC's Advisory Board is made of up of business owners who represent the interests of the ASBDC Regions for which they serve.

3.8.3. State Advisory Council

SBA policy guidelines require the Ohio SBDC to maintain a state advisory board made up of small business executives from across the State to advise, confer with and assist the State Director on matters regarding the SBDC network.

Ohio Small Business Development Center

The Ohio SBDC restructured its statewide advisory board in 1998 to better reflect the views and needs of its regional constituencies. The first meeting of the Advisory Council was held in September at the annual meeting in King's Island.

The Council is comprised of a nominated and/or appointed representative from each of the twelve SBDC Districts, along with at-large members as the State Director sees fit.

The purpose of the Ohio SBDC Advisory Council is to provide advice and counsel on topics such as legal or legislative issues pertaining to the SBDC program and small business, to provide technical advice or recommendations on services, evaluations, strategic directions, etc.

3.8.4. Local Center Advisory Board

Each local service center shall have an advisory board comprised predominantly of small business owners and/or partnership organizations that contribute to the resource system. In addition, where applicable, other resource partners such as, a representative of the local MBAC program or PTAC program, can also be a member.

The scope of involvement and frequency of advisory board meetings shall be determined by the local center. Local advisory boards shall be used to help assess SBDC client services; conduct local needs assessments and assist in the development of local service SBDC strategic planning initiatives.

Local advisory boards can also be used to establish visibility and support for the local SBDC system to include: private sector fundraising, legislative awareness, staff recruitment, etc.

District advisory board, which is representative of the entire district, are not required, but encouraged.

3.9. RESOURCES & RELATIONSHIPS

The Ohio SBDC is open to opportunities to fill the unmet needs of the small business community. However, the policy of the SBDC is "not to compete, but cooperate" whenever there is another organization or agency already providing such resources in a service area.

Listed below are several resources advantageous to SBDCs. Often there may be policies regulating our relationship with a resource. If you have questions about proper relationships with a resource, or experience problems with any of these organizations, please contact the State Director.

3.9.1. SCORE

The SBA also supports another development program, comprised of retired business people. SCORE works with aspiring entrepreneurs and start-up firms through their first year. Because SCORE is a volunteer organization, chapters are not necessarily equal.

3.9.2. ASBDC

America's Small Business Development Centers is the national organization comprised of every state and regional SBDC paying membership dues. Dues are formulated based on the amount of federal funding for each state. The SBDC payment is based on the amount of SBA funding the SBDC receives. The Ohio SBDC has been a member since our program's inception in 1985.

The association is governed by an elected Board of Directors, which elects its own officers - Chair, Vice Chair, Secretary and Treasurer. The ASBDC employs a full time staff consisting of an Executive Director, a Membership Services Director, an administrative assistance, and Legislative Services Director. The ASBDC office is located at:

8990 Burke Lake Road
Burke, Virginia 22015
PHONE: 703-764-9850
FAX: 703-764-1234
info@asbdc-us.org

Complete details on the ASBDC's role, etc. can be found online at www.asbdc-us.org.

3.9.3. SBDC Research Network/SBDC Clearinghouse

The National SBDC Research Network, often referred to as the "SBDC Clearinghouse" or SBDCNet, is the result of the current contract relationship between the SBA and the USTA Texas Border SBDC and located online at www.SBDCnet.org.

The main objectives of the SBDC Research Network are:

- To share SBDC-developed materials, information and experiences.
- To inform SBDCs of available materials and resources.
- To answer SBDC inquiries on business-related topics.

All SBDCs are encouraged to use the National SBDC Research Network to assist them in serving the needs of the small business community nationwide. SBDCs are further encouraged to submit copies of materials and publications developed by the SBDC to the clearinghouse so that they may be made available to all SBDCs.

3.9.4. Procurement Technical Assistance Centers

Each procurement center provides government procurement counseling services to SBDC and other eligible business clients. These centers operate in partnership with the federal Defense Logistics Agency and receive funding accordingly. Although these centers are administratively autonomous in nature from the SBDC, they operate in concert with the general SBDC goals and objectives. Procurement centers are considered to be associates of the SBDC program and are to be included in regional meetings, event and planning activities.

3.9.5. Appalachian Region Commission

The Governor's Office of Appalachia (GOA) is a state agency that fosters development in Ohio's Appalachian region. The GOA is the focal point for collaborative assessment and actions for the region. GOA's core responsibilities include overseeing the federal ARC program in Ohio, in partnership with four Local Development Districts (LDDs).

- Ohio Valley Regional Development Commission (OVRDC)
- Buckeye Hills-Hocking Valley Regional Development District (BH-HVRDD)
- Ohio Mid-Eastern Governments Association (OMEGA)
- Eastgate Regional Council of Governments

Within this partnership, the GOA represents Ohio Appalachian interests with the federal ARC and establishes overall plans to guide development activities in the region. This partnership uses a "bottom-up" process of identifying and prioritizing projects important to solving infrastructure gaps or stimulating positive development. The GOA and LDDs link limited ARC dollars with a wide array of other private and public sources to implement these projects.

LDD offices are partners of the Ohio SBDC program in delivering our international trade assistance programming. These offices should be included in regional meetings, events and planning activities.

3.9.6. Local/Regional Economic Development Organizations

SBDCs are to work in a collaborative fashion with these offices to identify needs, improve client services, etc. Regional office reps may be included in advisory board activities.

In addition, other economic development organizations exist for promotion and development of various local and regional economies. In the past, these programs have focused primarily on recruiting large businesses to relocate into an area. The definition of economic development is currently gaining width as economic developers focus on existing business retention and growth in addition to marketing.

SBDCs are encouraged to work closely with these organizations as economic development tools fostering local business development and retention.

3.9.7. Minority Business Development Division

This Division sponsors business education programs in conjunction with interested state-supported colleges and universities, or with other interested groups such as trade and business organizations. Community business leaders are encouraged to participate in seminars and workshops taught by management and technical staff.

The Minority Business Assistance Centers (MBAC) provides a variety of services that aid in the creation and expansion of minority-owned businesses in Ohio and in the creation of a business environment sensitive to the particular needs of minority business enterprises. Thus, it more readily accommodates their growth and development.

The Minority Business Development Division provides outreach for the ODSA into the minority business community. Minority entrepreneurs are provided management, technical, financial and contract procurement assistance, as well as loan, grant and bond-packaging services at no cost.

A primary objective of the MBAC network is to aid in creating a business environment within Ohio that is sensitive to the particular needs of minority business enterprises and to assist in their growth and development. The realization of this objective will strengthen the minority business community and contribute to the general economic health of the State of Ohio.

4. LOCAL CENTER/HOST REQUIREMENTS

The federal eligibility requirements of a recipient organization (the state office) does not hold true for SBDC service providers (the local centers). With the concurrence of the state office, local centers can be hosted by nearly any non-profit organization or combination thereof, provided that the host demonstrates proof of adequate, secure and continuous funding and commitment to the growth and prosperity of the local SBDC. The SBDC also takes into consideration its goal of statewide coverage, meaning that no business is more than an hour's distance from assistance at an SBDC.

While it is recognized that each SBDC is a unique combination of resources, sponsors, and clients and therefore unique in its delivery of SBDC services, every local center must meet minimum standards designed to ensure quality service to the State's business community.

4.1. POLICIES AND REQUIREMENTS

4.1.1. SBDC District Consortium Organization

The SBDC Network/District Consortium shall provide services as physically close as possible to small businesses by providing extension services and use satellite locations and circuit riders when necessary. The facilities and staff of each local center shall be located in such places as to provide maximum accessibility and benefits to the small businesses, which the Center is intended to serve.

Service Center/Host responsibilities include but are not limited to:

- Operating a full-service SBDC, headed by a center director who spends at least 25 hours per week on SBDC activities. A full-time SBDC director is strongly preferred. (The center director must meet all of the center director qualifications and including CBA);
- Efficiently and successfully grants management (may include ongoing successful completion of A-133 and Development audits);
- Processing district quarterly programmatic and financial reports in a timely manner (i.e., computer capability, etc.);
- Assuming a leadership capacity to identify and align program partners who will support and grow the local program;
- Recruiting and hiring staff that meet prescribed qualifications and possess the requisite knowledge, skills and abilities to successfully perform the job within the parameters of the approved budget;

Ohio Small Business Development Center

- Ensure cash and in-kind match are utilized exclusively for SBDC/SBA eligible activities as set forth in the grantee's approved budget;
- Operating so the SBDC, ITAC and MTSBDC are separate and identifiable from the host agency; and
- Connecting and verifying required attendance to the State of Ohio Ethics Trainings at a minimum of once every two years.

Each service center director shall:

- Act as the contractual agent for the individual center submitting budget/program revisions as needed;
- Ensure two-way communication with State Lead Center including reporting current and potential problems;
- Attend or send a designee to all required meetings as mandated by the State Lead Center;
- Ensure that service center complies with State Lead Center guidelines for strategic management process implementation and delivery;
- Ensure regular two-way communications with all partners in the district to ascertain successes, best practices, problems, opinions and needs;
- Oversee service center staff to ensure that contractual commitments, both budgetary and programmatic, are met;
- Oversee the budgeting and financial tracking process and monitor budget adherence or modification;
- Act in a programmatic leadership capacity to ensure that communications and networking mechanisms are set up and working appropriately and efficiently using the available technology;
- Act in a programmatic leadership capacity to identify opportunities and partners who will support and grow the local program; and
- Assume ultimate responsibility for the service center's compliance including, but not limited to, success stories, milestone tracking, and other requirements.

Each SBDC local service center location shall provide:

- Business information and resource identification
- Business management and consulting
- Training, workshops, and seminars to cover the areas of: pre-venture and business start-up; existing business and management topics; access to capital; small business workforce training topics; technology applications for small business; specialized workshop topics/teleconferencing, e.g. eVantage© (eBusiness) training; comprehensive small business management courses, e.g. lean manufacturing; and at least one NxLevel course per year.
- A client case management system to ensure that program resources are being most effectively utilized and client needs being met.
- A written client assessment to include information gathering, problem solving, opportunity identification and planned course of action.
- Financial assessments utilizing such tools as FisCal, Up Your Cash Flow, The Business Check-up Program, Profit Mentor, etc.
- Market assessment

Ohio Small Business Development Center

- “Business Practices” (management) assessment
- Standard Product services guidance and review of: Business Plans; Marketing Plans; Market Research; Financial Projections; Loan Applications; and Strategic Planning

Each ITAC shall provide:

- International business information and resource identification;
- Training, workshops and seminars on relevant international business topics;
- A written client assessment and case management plan to include information gathering, problem solving, opportunity identification and planned course of action;
- Standard product services, including but not limited to: export assessment, basic guides, trade leads, market research and international business plans;
- ITACs must follow the same consulting and training processes as established for SBDCs;

Each MTSBDC shall provide:

- Manufacturing and Technology business information and resource identification;
- Training, workshops and seminars on relevant Manufacturing and Technology business topics;
- A written client assessment and case management plan to include information gathering, problem solving, opportunity identification and planned course of action;
- Standard product services, including but not limited to: Manufacturing processes assessment, basic guides, production leads, market research and strategic business plans;
- MTSBDCs must follow the same consulting and training processes as established for SBDCs;

4.2. PHYSICAL STANDARDS

Each service center must be separate and identifiable from its host organization. Prominent signage must appear in all locations accessible to the public.

Adequate parking must be provided for clients.

Each service center must have a separate and publicly listed telephone number and it must be answered identifying it as an SBDC, ITAC, or MTSBDC.

Each District Consortium shall provide services as physically close as possible to small businesses by providing extension services and utilizing centers, satellite location and circuit riders when necessary. The facilities and staff of each region shall be located in such proximity as to provide maximum accessibility and benefits to the small businesses that the center is intended to serve.

Each District Consortium shall provide access to: CBA® staff to counsel, assist and inform small business clients; relevant training opportunities; information specialists to assist in searches and referrals; courses developed under the SBDC statewide training initiatives.

Ohio Small Business Development Center

Each center must maintain adequate work areas for SBDC business advisors and private areas for client consulting.

Each service center must adhere to EEO and Disabled Accessibility/Accommodation Requirements. All SBDC services must be rendered on a nondiscriminatory basis, and no individual may be excluded from any program because of race, color, religion, sex, age, disability or national origin. Workshops, seminars and conferences must be held in disabled accessible locations. Reasonable accommodations will be made, upon request, for visually and hearing impaired attendees. SBDCs are required to make modifications and accommodations (which do not fundamentally alter the program or activity or entail financial or administrative burdens) to enable otherwise qualified disabled individuals to participate. The SBDC Network must comply with 13 CFR Parts 112, 113, 117, and 136.

4.2.1. Office Space

Acceptable office space includes:

- An office for the service center director where he/she may provide confidential counseling.
- A waiting/reception area:
- An acceptable area for use as the SBDC library. It is recommended a minimum of 500 square feet of dedicated space be provided.
- SBDC services should be provided as close as possible to the small business community (i.e. downtown areas, Chambers of Commerce, community colleges, community training centers, universities and colleges). The State Director must approve locations.

4.2.2. Office Equipment

To function smoothly and efficiently, a local service center must maintain, or have access to, at minimum, the following office equipment:

Copier - Reasonable access to a photocopier is required, preferably located close to the SBDC resource library for client use. SBDCs may charge a nominal fee for client use of the copier.

Facsimile - As an important method of communication between the state office and local centers, each center is required to own or have ready access to a facsimile machine, preferably plain paper.

Computer with modem and software - Please refer to the CenterIC Manual or the current year's grant agreement for current descriptions of the minimum required hardware and software configurations that must be met by at least one of a center's computers.

Minimum platforms for hardware and software needs are to be provided as necessary for current Ohio SBDC MIS requirements, specifically Center IC.

4.2.3. Hours of Operation

All SBDC Service Centers will operate on a forty (40) hour work-week basis, during the normal working hours of the State or host organization, throughout the calendar year. Annual leave, sick leave and holidays shall conform to the policies of the host institution. However, such leave must be arranged to

allow for the continuation of SBDC operations, except when there is a total shutdown of the organization facilities where the SBDC is located.

4.2.4. Telephones

Service Centers are required to maintain publicly listed telephone numbers under the name of the center. To ease accessibility to clients, the publicly listed number should be a direct line to the center. Clients should not have to contact the host institution before reaching the SBDC. Telephones should be answered at all times either by a person, answering machine, or a voice mail service. When answering the phone, the name of the center should be clearly stated. Phone calls should be returned in a prompt manner.

4.2.5. Staffing Requirements

Each service center must be staffed by at least one full-time business advisor and a 20-hour-per-week part-time business advisor or consultant. This may include the service center director. The service center director may not work less than 25 hours per week for the SBDC. Existing center directors with 20-25 hours will be grandfathered under this area. (A full-time director is preferred.) Each service center must also have a secretary/administrative assistant for at least 10 hours per week. Current service centers with only a full-time director may remain at that staffing level if they can demonstrate at least 1,200 counseling hours per year.

Full-time SBDC staff is greatly preferred over multiple part-time staff. Each service center will be rated based upon the most counseling hours, and on how few staff it takes to provide such hours.

All service center directors and business advisors **MUST** be a Certified Business Advisor. CBA® program is an innovative, eLearning certification program that certifies SBDC advisors through focused, on-line instruction at the graduate level in accounting/finance, marketing, entrepreneurial assessment and human resource management. Upon successful completion of the on-line coursework and exams, attendees receive a certificate from The University of Toledo (UT), College of Business Administration (COBA)—Graduate Programs. Graduates also receive 13.0 CEUs from the Ohio SBDC, an authorized provider of CEUs through IACET. Eligible graduates can also apply for three (3) graduate credit hours from UT.]

Graduate students shall appear on the Budget if they are paid employees. All graduate student teams with time devoted to counseling and research for SBDC clients may be entered into Center IC under a team log in and counted as SBDC counseling hours. Team activities are required to be documented on a log, supported, and reviewed by a CBA.

All counseling by *non*-CBA graduate students, volunteers, or external consultants must be supervised and reviewed by a Certified Business Advisor®.

The State Lead Center MUST receive notification for all changes in personnel. A potential SBDC business advisor or director must meet the State established minimum qualifications, and MUST agree to participate in the state-mandated Certified Business Advisor® (CBA) process. Grant funding may be denied should the service center host fail to meet these requirements.

4.3. RECORDKEEPING AND RETENTION

Each service center is responsible for collecting and retaining certain data. These data files should be kept in a secure area, accessible only to authorized personnel, for a minimum of five years. After that time, this confidential data must be disposed of by shredding or incineration.

Special care must be taken to insure the security of all files, both electronic and paper. The SBDC will maintain the highest level of security with the use of password protection for all electronic files and data. Sharing of password is not an acceptable practice to keep data security at its highest level. When SBDC staff members are on medical or other restrictive leave, the Director must take steps to secure data by not allowing access to the data files during such time period. Procedures should be in place to inform the State Lead Center of termination of access to the system during this period. Upon return to work access to files will be restored. Paper files should not be removed from the premises of the SBDC for any reason without special written and documented permission from the Director.

All records must be accessible by the state lead center or SBA for review on-site. Use the SBA Annual Program Announcement as the guidelines to cover this area.

4.3.1. Client Case Files - Center IC

Client Case Files (paper and electronic)

- **Client Paper Files:** A separate file shall maintained for each client case. This file must consist of all documentation in regard to that client, as prescribed in the SBDC Operations Guide. This includes narrative notes from the initial session, as well as the notes from any follow-up sessions. The client data form 641 is modified to incorporate acknowledgement to the client of the specific program their data will report through. The same confidentiality and reporting requirements are used for each program.

Each service center shall use the client strategic counseling format in Center IC. Each client file should document progress toward consulting goals outlined and agreed upon. In addition, baseline economic indicators should be collected for all clients during the initial session. Each time the economic indicators are collected, they should be updated in the session notes and include client acknowledgement of impact. Mores specifics for each session type of activity are included in the Center IC Manual.

Each service center shall implement and utilize a standardized client assessment and intake tool, which must be present in each client file.

Each client file should document progress toward consulting goals outlined and agreed upon.

- **Client Electronic Files:** Each service center, must use the Center IC system, the electronic client relationship management system as dictated by the State Lead Center. (Refer to the Center IC Manual.) A center may decide to have all client files as electronic only. This is an acceptable practice with all paper documents scanned and attached to the electronic client file.

All Graduate Student time devoted to counseling and research for SBDC clients may be counted as SBDC counseling hours. All entries must be made into Center IC based upon standards detailed in the Center IC manual. In all cases, the client file must contain the team's detailed log of counseling activities of each student. Faculty participation may also be entered and counted according to the Center IC manual. Faculty participation in this, or any student counseling, may be counted as match, with appropriate documentation. Reminder: All faculty and student counseling must include a CBA review.

- **Time Limits:** All counseling and training activities for a given week must be entered into Center IC by close-of-business on the following Tuesday. At the end of each quarter, the Center IC data will be locked in accordance with the Due Dates. Grant funding may be denied should the service center host fail to meet these requirements.

Each service center is required to collect economic impact data from the clients. The data collection must be collected at least once per program year. All data is required to be entered into Center IC in the follow on session notes. The data must be verified with client signature. The State Lead Center has provided a sample form to document and validate economic impact data for each client is included in the other support documents.

4.3.2. Training Files

Training Files (paper and electronic files)

- **Paper Training Files:** A separate file shall be maintained for each training activity, as prescribed in the Program Announcement. At a minimum, each event file must include: 888 Training Report Form; Attendee list or sign-in sheet; Agenda or marketing piece; evaluation forms; and Program Income Activity Report (PIAR) for each training that includes fees.
- **Electronic Training Files:** Each center, including, will use the Center IC system as dictated by the State Lead Center office to report all training events. (Refer to the Center IC Manual.)
- **Time Limits:** All training activity for a given week must be entered into Center IC by close of business on the following Tuesday. There will be no exceptions to this rule and there will be sanctions for violators.

4.3.3. Accounting Records

Accounting records include:

- General Ledger
- receipts
- documentation of in-kind dollars
- account statements
- travel reimbursements
- checkbooks
- tangible property purchased with federal funds or used in match

Either the accounting or grants management staff of the host institution or with the local center may keep accounting records. However, it is required that center directors have control of the SBDC budget and accounts. Please refer to Section 9, Budget and Accounts, for a more in-depth discussion on accounting files.

4.3.4. Personnel Files

Personnel files on all SBDC staff must be kept at the local level. These files should include:

- Job description
- Individual development plan (IDP)
- Original signed copy of the Conflict of Interest Agreement (Form 250 or 250A)
- Resume
- Any other relevant documents

SBDCs should maintain files on volunteer counselors, fee-paid consultants, faculty and students, with signed Conflict of Interest for Volunteers Agreement and all documentation of time for auditing purposes.

4.3.5. Correspondence

Center correspondence files should include:

- All correspondence to and from the center and/or their advisory boards
- Proposals
- Complaints and follow-up information concerning resolution
- All other files necessary for smooth, efficient administrative operations. Centers must abide by all rules of their host institution in this matter.

4.3.6. Resource Library Standards

According to federal rules, SBDCs must maintain current information concerning federal, state and local regulations affecting small business, and counsel small business on methods of compliance. SBA also requires SBDCs to provide and maintain a comprehensive library containing current information and statistical data needed by small businesses. These resources should be made freely available to the public during regular working hours. SBDCs are required to follow all copyright laws. Centers co-located with host institutions are not required to carry those references

available in institutional libraries, as long as those libraries are willing to support small business clients.

The service center enter may substitute or compliment library resources on the premises by providing a list of available resources through formal linkages with public libraries, educational facilities and other resources. Instead of on-site library materials, a center must demonstrate formal negotiated relationships with other resources.

Federal rules also require centers to maintain lists of local and regional private consultants to whom small businesses can be referred. To avoid conflict of interest or the appearance of such, centers should not make specific recommendations. Referral lists must have several choices and contact information on it.

4.4. LEGAL REQUIREMENTS

The Code of Federal Regulations (13 CFR) Chapter 1, Small Business Administration, applies to all recipients and sub-recipients of SBA funding. This refers to grants and loans of federal funds, grants or donation of federal property and interests of property. SBA will conduct periodic compliance reviews to survey the practices of recipients. Written complaints will be investigated by SBA, and efforts will be made to resolve the matter through informal means. If it is determined that the matter cannot be resolved, action will be taken against the assistance programs. Accordingly, centers need to comply with the following laws. Copies of the CFR information relating to the following topics may be acquired from the state office.

Legal advisory information must not be provided to clients involved in litigation or other actions against the Government's interest. Legal information services must not be used to represent any clients in any action. The SBDC may provide training regarding basic business law, but legal services and legal advice can only be provided by an SBDC counselor who is an active member in good standing of the State Bar Association in which the SBDC is located. SBDCs may negotiate arrangements with law schools to offer client access to supervised student legal clinics that are approved by the state attorney licensing entity. The SBDC must make appropriate disclosures and disclaimers to that effect.

4.4.1. Non-Discrimination

No person in the U.S. shall, on the grounds of race, color, religion, sex, age, disability or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination by any business or other activity receiving federal financial assistance.

All SBDC services must be rendered on a nondiscriminatory basis, and no individual may be excluded from any program because of race, color, religion, sex, age, disability or national origin. Workshops, seminars and conferences must be held in disabled accessible locations. Reasonable accommodations will be made, upon request, for visually and hearing impaired attendees. SBDCs are required to make modifications and accommodations (which do not fundamentally alter the program or activity or entail financial or administrative burdens) to enable otherwise qualified disabled individuals to participate. The SBDC Network must comply with 13 CFR Parts 112, 113, 117, and 136.

4.4.2. Drug-Free Workplace

The Department of Development certifies that it provides, and will continue to provide, a drug-free workplace. Accordingly, local SBDCs must ensure that the host institution has notified its employees that as a condition of the grant, it is unlawful to manufacture, distribution, dispensing, possession or use of a controlled substance. It is prohibited in the workplace and has specified the actions to be taken against employees for violation of such prohibition. If an employee is convicted of a criminal drug violation occurring in the workplace, the employee has up to five calendar days to notify the employer, in which time the employer must notify the state office. The state office will inform SBA project officer within 10 calendar days of occurrence and will discuss appropriate actions.

4.4.3. Sexual Harassment Policy

All relationships of the Ohio Small Business Development Centers (SBDC) Network should be free of sexual harassment or any threat thereof. The SBDC considers allegations of sexual harassment as serious. Sexual harassment violates both state and federal laws against discrimination.

It is the policy of the SBDC to maintain a working environment free from any discrimination, and to prohibit sexual harassment of applicants, customers, clients and agents, including discriminatory sexual advances or harassment adversely affecting an associate's terms and conditions of employment either directly or indirectly.

Sexual harassment is defined as any unwelcome or unwanted sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature when any one of the following criteria is met:

- Submission to such conduct is made either explicitly or implicitly a term or condition of the individual's employment.
- Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual.
- Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creates an intimidating, hostile or offensive work environment.

Sexual harassment depends on how the person being harassed is affected, not on the harasser's intent. It can come from any individual in the workplace, including a supervisor, a co-worker, a customer or a supplier. Sexual harassment can also take many forms. It may be (1) verbal (i.e., threats, insults, offensive or suggestive comments); (2) non-verbal (i.e., suggestive gestures or looks, staring or leering); (3) physical (i.e., rape or attempted rape, cornering or trapping, pinching, grabbing or patting, touching, hugging or kissing).

Sexual harassment is prohibited by federal law as a form of sex discrimination in the workplace under 42 U.S.C. 2000e2-a. The federal Equal Employment Opportunity Commission has also issued authoritative guidelines on sexual harassment under Title VII of the Civil Rights Act of 1964, as amended.

REPORTING SEXUAL HARASSMENT

Any associate, customer, client or applicant who believes that an agent of the Ohio SBDC has caused them to be a victim of sexual harassment through unwelcome sexual advances, requests for sexual favors or any other verbal or physical conduct of a sexual nature should advise the perpetrator that the action is not welcome and must stop. The aggrieved individual may then report such incident(s) to:

- the employer of the agent;
- the Civil Rights Commission or
- the Federal Equal Employment Opportunity Commission.

A formal sexual harassment complaint may be filed with any or all of the following entities:

- the Ohio Civil Rights Commission within six months; and/or
- the federal Equal Employment Opportunity Commission within 300 days.

ENFORCEMENT

Sexual harassment and related behavior in the workplace is inexcusably inappropriate, and will not be tolerated.

5. SBDC OPERATIONS

The Ohio SBDC accomplishes the goals of its mission by serving as a focal point for the coordination of federal, state, and private resource to aid small business. Each year, the grant agreement establishes a “service area”. No service center competes with another, as each serves a distinct geographic area, except in cases where a client chooses to seek services outside of his service area or when client needs exceed local center competencies.

All centers are required to operate within the guidelines of the mission of the network. This includes all activities, other programs or grants operated under the Ohio SBDC organization or its auspices. If the applicability of any activity is in question, please contact the state director for a clarification. The Ohio SBDC mission is detailed in Section 3.

5.1. SCOPE OF WORK

Federal regulations require SBDCs to provide prospective and existing small businesses with counseling, training and specialized services concerning the formation, financing, management and operation of the business. Services offered should be periodically assessed to keep pace with changing small business needs. To the extent possible, SBDCs should collaborate with other federal, state, and local government programs assisting small business. (Complete details on SBDC Program Scope of work can be found in the Annual SBA/SBDC Program Announcement.)

FEES

Federal regulations prohibit charging fees to clients for counseling services. However, centers may charge reasonable fees for services beyond the scope of normal counseling to recover the costs associated therein.

Ohio Small Business Development Center

Fees may be charged for:

- Seminars, workshops, and conferences
- Subscriptions to center newsletters or reports
- Subscriptions to data or information services provided by the SBDC. Examples might be procurement or international trade leads sent to clients on a regular basis.
- Products or services: if the product or service provided to a specific client requires that SBDC expend funds in order to obtain the product or service to be utilized by the client, then the direct non-personnel costs associated with acquiring that product or service may be passed through to the client.
- Specialized services or products not normally delivered as a core SBDC service (i.e. in-depth FisCal Analysis, BiFar/High-Impact Assessment, in-depth international trade market research and other professional assessment products delivered to the client) These should be approved in advance by the ODSA state lead center.

Fee Prohibitions – fees may **not** be charged for:

- Direct counseling services
- Fees cannot be used to offset local cash match

5.1.1. Client-defined

CLIENT

See the SBA Annual Program Announcement in the appendix.

The client is the business, if it exists. In the case of a prospective business, the client is the individual (i.e., nascent or pre-venture) entrepreneur receiving SBDC services. Each client will be counted only once in a fiscal year, and the reporting will include both the number of sessions and the number of hours spent with the client. Ohio SBDC program tracks 4 types of clients:

- Preventure (Nascent)
- Startup
- Existing Healthy
- Existing Declining

The ultimate goal of the SBDC program is to provide services for clients that, were it not for this program, could not afford access to professional business services. The goal of client counseling through the SBDC is to graduate clients into the private fee-for-service market. Prospective clients who are able to secure SBDC services through private sector means should be encouraged to do so, at the discretion of the SBDC Business Advisor.

5.1.2. CONSULTING

SBDCs shall provide timely, high-quality, in-depth, one-to-one consulting to small business owners and entrepreneurs. Consulting is provided on a free and confidential basis to all clients. This is the core of the SBDC services.

Each contact with a client shall be entered into the Center IC, which then becomes the official record. All activities with and on behalf of the client must be entered in CenterIC.

THE MINIMUM INITIAL FACE-TO-FACE COUNSELING SESSION IS SET AT 60 MINUTES. THE MINIMUM INITIAL ECOUNSELING SESSION IS SET AT 30 MINUTES. (See SBA/SBDC Annual Program Announcement for complete details.)

ITACs shall counsel small businesses about conducting international business or developing international business markets.

SBDCs shall not receive credit for consulting performed by SCORE.

Consulting utilizing electronic communications - In order to log consulting hours provided to individuals, the following conditions must be met.

The SBDC must obtain an original signature on a the Ohio Client Intake Form 641-Ohio. Ohio Client Intake Form 641-Ohio, updated 3/2013 shall be utilized for each client file. Such document should be completed after an initial exchange of information with the client has revealed that the client could benefit from SBDC consulting assistance. Such exchange of information may occur in a face-to-face meeting, via telephone, or e-mail. Respondents may propose an alternate process by which clients execute the required form 641 by "electronic signature" using the CenterIC eRFC feature.

Once a consulting relationship has been established with a properly authorized SBA Form 641, all preparation and contact time associated with the engagement should be logged into Center IC

eCounseling: Electronic counseling with a completed 641 through e-mail, instant messaging, chat rooms, or discussion boards. eCounseling must conform to the same quality standards as person-to-person counseling. As such, eCounseling must be substantive in nature and require assistance from the counselor in the formation, management, financing or operation of a small business enterprise. In order to log counseling hours provided to individuals through eCounseling the following conditions must be met.

To receive credit for 30 minutes of initial eCounseling, the counselor must spend at least 30 minutes researching and formulating the response. This can include several electronic questions and responses that cumulatively add up to 30 minutes.

Telephone Counseling: Telephone Counseling is the counseling with a completed Ohio Client Intake Form 641-Ohio via the telephone. Telephone Counseling must conform to the same quality standards as person-to-person counseling. In order to log consulting hours provided to individuals through Telephone Counseling the following conditions must be met.

- To be counseled, an SBDC client must complete and sign Intake Form, or in the case of electronic, must acknowledge through an appropriate "electronic substitute" the requirements imposed by accepting counseling assistance.

- To receive credit for 30 minutes of Telephone Counseling, the counselor must spend at least 30 minutes researching and formulating the response. This can include several telephone questions and responses that cumulatively add up to 30 minutes.

The Annual SBA/SBDC Program Announcement defines a full range of business development and technical assistance services are made available to small businesses located in the rural areas of their service region. These services should be designed to increase rural small business participation in exporting, government procurement, tourism, access to credit, incubators, innovation and technology, and other small business programs.

5.2. TRAINING

Education and training of a client and its management team is a core service of the Ohio SBDC Program. SBDCs will provide quality training designed to improve the skills and knowledge of existing and prospective small business owners/managers throughout the SBDC network. Where appropriate, SBDCs are encouraged to utilize educational technology such as computer-based instruction, distance learning initiatives, video tapes and other electronic mediums to enhance the distribution and quality of educational services.

A system for evaluating quantity and quality of educational activities should be in use. The reports from Center IC, class evaluation forms, class attendance, participant surveys and review of the business education programs will indicate programs of high quality that are meeting the needs of the small business community. Training activities should be related to the strategic plan for the resources used to conduct training.

Definitions related to management education and training can be found in the SBA Annual Program Announcement, in the appendix.

THE MINIMUM TRAINING SESSION IS SET AT ONE (1) HOUR AND TWO (2) ATTENDEES. The complete criteria for qualification as a training deliverable are provided in the SBA Annual Program Announcement, found in the appendix.

SBDCs shall ensure that relevant, high quality training designed to improve the skills and knowledge of existing and prospective small business owners/managers and/or small business employees is provided. Where appropriate, SBDCs are encouraged to utilize educational technology such as computer-based instruction, videotapes, teleconferencing and other distance learning techniques to enhance the distribution and quality of educational services.

The SBDC Districts is expected to conduct courses developed under the SBDC Statewide Training initiative (i.e., eVantage, Lean Business, NxLevelL). Training generated by the SBDCs shall be coordinated regionally and with other service providers, such as SBA, to avoid duplication of effort. To the extent possible, SBDCs shall charge reasonable fees to cover program costs associated with this training. These fees are considered program income and shall be used to expand services and SBDC Program objectives.

An event must meet the criteria stated above. All data must be entered into Center IC.

Each center is expected to conduct a minimum of two (2) training programs per quarter. All data must be entered into Center IC, per the guidelines in the Center IC

Manual. **UNDER NO CIRCUMSTANCES WILL AN AGGRESSIVE PROPOSED TRAINING CALENDAR OFFSET THE PRIMARY CENTER GOAL FOR QUALITY, IN-DEPTH, LONG-TERM CONSULTING.**

Applicants are encouraged to enter into co-sponsored training arrangements with the private sector and other organizations to expand outreach and productivity. Co-sponsorship does not include cooperation between members of the Ohio SBDC Network, i.e., each service center or with other organizations funded through the Cooperative Agreement with SBA. Only one sponsor will be allowed to count the training.

In order for the SBDC to receive credit for a co-sponsored training event, it must actively participate (provide speakers, materials, publicity, etc.) with the organization financing the training session. Final responsibility for the quality of the training rests with the SBDC.

SBDCs must prepare a Program Income Cost/Revenue Sharing Agreement (CRSA) for all proposed SBDC training activity where a co-sponsor other than the SBDC is to receive part of the revenue. This agreement must include: what each co-sponsor will provide (including the value); the name, phone number and signature of each co-sponsor; how the revenues will be shared (i.e., 80 percent SBDC/20 percent other co-sponsor); and the signature of the project officer denoting concurrence.) This Agreement must be submitted with the 888 Training Report if a co-sponsor was involved with revenue sharing. SBDCs may provide a blanket Program Income Cost/Revenue Sharing Agreement for all training if they wish. If this is the case, the blanket Agreement must be submitted and approved prior to planning the first co-sponsored event that will be governed by the agreement regardless of the cost and revenue sharing arrangements, and program income event form must be completed. Reporting requirements are set for the in the 888 Training Report Manual, included in the appendix.

SBDCs are required to provide quality training designed to improve the skills and knowledge of existing and prospective small business owner/managers. Training programs, which may consist of seminars, workshops, symposiums, conferences, and teleconferences, are offered to meet current training needs within the local center's service area, to support the Ohio SBDC marketing efforts, and to best meet the needs of clients not ready for in-depth one-to-one counseling. Training events are reported to the state office on the Form 888.

Review the 888 Training Report Manual in the appendix.

An SBDC training workshop or seminar is defined as an activity or event presented or cosponsored by a resource partner, service center office or other SBA office or a third party which delivers a structured program of knowledge, information or experience on a business-related subject. This training may be provided in person or by such communication modes as teleconferences, videos, publications and electronic media.

To receive credit from SBA, all training programs should be at least **ONE HOUR IN LENGTH AND INCLUDE TWO OR MORE CLIENTS IN ATTENDANCE**, with the

exception of those events, which have been pre-approved or required specifically by SBA or TV/media events.

According to the SBA Form 888, training events are classified into 4 categories: teleconference, seminar, course, or online course.

Various training definitions can be found in the SBA Annual Program Announcement located in the appendix.

Training programs must either meet direct small business community needs, or provide indirect benefit by improving understanding in the community or among institutions and organizations impacting the small business community. SBA encourages SBDCs to consider the provision of training in specialized areas other than small business management subjects. SBDCs should also emphasize training designed to reach particular audiences such as members of SBA priority and special emphasis groups (i.e. women, minorities, etc.).

Care should be taken to not schedule events in conflict with SCORE or SBA sponsored workshops offered on the same topic in the same locality. This applies to all organizations in an effort to avoid duplication of services.

SBDCs shall ensure that quality training designed to improve the skills and knowledge of existing and prospective small business owner/managers is provided throughout the network. Where appropriate, centers are encouraged to use educational technology such as computer-based instruction and videotapes to enhance the distribution and quality of educational services. Centers should not target their programs towards workforce training but business management and entrepreneurship.

Training programs must be at least one hour in length, rounded to the nearest whole hour. The flyer for the event should indicate it was scheduled to be at least one hour in length. All training marketing materials (brochures, press releases, etc.) must include the disclaimers as discussed in Section 3.3.5, Marketing Standards. Along with these marketing pieces, centers must also keep Form 888, a roster of attendees and all training evaluations from the workshop in hard copy files. As required in the SBA Annual Program Announcement.

On-line training (or a webinars): is a structured program of knowledge, information or experience on an entrepreneurial or business-related subject. It must be of a quality and substantive nature, and include a registration process as well as an evaluation process (e.g., 1-5 star ranking). Online training can be synchronous or asynchronous. The training must be for a minimum of 30 minutes and a course evaluation must be made available, e.g., a resource partner provides a registration and link to the training; it can count as online training (note: must meet other criteria listed above).

5.2.1. Fees

SBDCs may charge reasonable fees to cover program costs associated with training, such as meal and refreshment expenses, workbooks and other related costs. If these event fees are paid directly to the OSBDC, they are considered program income and shall be used to expand services and further eligible SBDC program objectives. Centers must be prepared to provide justification for a fee to an auditor.

For all co-sponsored training where there will be a distribution of receipts in whole or in part to the co-sponsor, the training file for the activity must document clearly the role and responsibility of the SBDC and each participant receiving a share of the receipts. How the receipts were distributed must also be documented in the file. See Section 5.3.1.2 for a more detailed discussion regarding co-sponsorships.

Note: SBDCs are reminded that income received by the host institution for all co-sponsored programs cannot be used for match funding and should be used to further support the SBDC and reported as Program Income.

Allowable fees for services includes:

- Seminars, workshops and conferences;
- Subscriptions to center newsletters or reports;
- Subscriptions to data or information services provided by the SBDC; examples might be procurement or international trade leads sent to clients on a regular basis;
- Products and services, if the product or service provided to a specific client requires that SBDC expend funds in order to obtain the product or service to be utilized by the client. Then the direct non-personnel costs associated with acquiring that product or service may be passed through to the client;
- Preparation of loan packages;
- Specialized services or products not normally delivered as a core SBDC service, i.e., FisCal analysis, BiFar/High-impact Assessment, IQa, BizMiner, ProfitCents, in-depth international trade market research and other professional assessment products delivered to the client; and
- Each activity must be recorded on a Program Income Activity Report, and all fees and expenses must be itemized and provided as support to Program Income on the center quarterly report.

Fee prohibitions include:

- No fees may be charged for client consulting;
- Fees cannot be used to offset local cash match;
- Donations may not be requested until case is closed; and
- Fees cannot be used to pay for items in the budget.

5.2.2. No Shows

Occasionally service centers have attendees that pay but do not show up for the event. The policy for no shows is at the discretion of the center. No shows should either:

- receive credit for a future training event;
- have their fees refunded; or,
- forfeit the fees paid, which is acceptable as long as the client understands that the fee for the training is non-refundable. A statement to that effect should appear on the marketing materials for the event.

No-Shows should not be counted as an attendee on the SBA form 888, nor should their fees show in the "Fee Distribution" section. Fees received from no-shows should be noted on the program income report.

SBDC employees or interns should not be counted as attendees of the workshops with the exception of employees attending for the purpose of professional development.

5.2.3. Evaluation Forms

Each service center must distribute and collect written evaluation forms for each training event. These forms are used to gather data to assist in improving future events. Forms should be kept on file with the corresponding training event.

5.2.4. Sponsorship

Service centers are encouraged to enter into co-sponsored training arrangements with the private sector and other organizations to extend outreach and productivity. Training activities must meet the following requirements in order for an SBDC to receive credit towards their milestones for a training event.

5.2.4.1. SBDC Sponsorship

The program must either be directly offered by or be co-sponsored by the SBDC. However, in all cases, final responsibility for the quality of the training rests with the SBDC.

5.2.4.2. Co-sponsorship

For co-sponsored events, the SBDC must determine in advance that the events will measure up to the quality standards expected of programs directly offered by the SBDC. The SBDC must play a meaningful and active role in planning, organizing, marketing or delivering the training program.

Centers must ensure that co-sponsors with products or services they wish to promote do so at minimum in their training. The SBDC must state beforehand that the SBDC is not endorsing any product or service of the co-sponsor and will preferably have information from other providers on hand.

If SBA is listed as a co-sponsor of a training event, advance coordination and concurrence is required.

5.2.4.3. Marketing Materials

All marketing materials and announcements of the training event must have the appropriate disclaimer that includes giving credit to the U.S. SBA and the ODSA. All marketing materials and announcements of the event must also include **both** the SBDC logo and the SBA logo. Flyers and other marketing materials should specifically and clearly name the SBDC as co-sponsor.

5.2.4.4. Jointly Sponsored Events Among Local SBDC's

When SBDCs join together to co-sponsor a training event, it is important that delegation of responsibilities is clear from the start. Centers cannot both

claim the same event. If it is a 2-day event, centers may each take one day to claim towards their milestones.

5.3. INFORMATION COLLECTION AND REPORTING

Each center must maintain training files as documentation of all training events the center claims towards milestones.

5.3.1. Training Files (paper and electronic files)

Review the 888 Training Report Manual located in the appendix.

Paper Training Files: A separate file shall be maintained for each training even activity, as prescribed below.

Electronic Training Files: Each center, including ITACs, will use the Center IC system, the electronic tracking system as dictated by the State Lead Center office. Refer to the Appendix for the Center IC Manual and complete details.

Each training file must contain:

Form 888 (entered into Center IC)

- Activity Report
- Any co-sponsorship documentation – (Revenue/Cost Sharing Agreement or Memorandum of Understanding [MOU])
- Copies of press releases or brochures with the proper disclaimer information found in the current grant agreement, as well as copies of any publicity received due to event.
- A roster of all attendees (entered into Center IC)
- Attendee evaluations of that event

It is suggested that such files also include workbooks or handouts given at event and/or copies of videotapes, photos, transcripts or speech notes when appropriate.

5.3.2. Training Management Report - Form 888

Form 888 must be completed 30 days following the training event. Centers will forward:

- Form 888,
- Attendee roster,
- Agenda,
- Activity report where there is revenue, and
- Revenue/Cost Sharing Agreement (where there is shared revenue)

To the State Lead Center office, for approval. Review the requirements as set forth in the 888 Training Report Manual located in the appendix. 888s are sent to the SBA District office. After review by the SBA project officer, the state office will notify centers of approval. An event may not be counted towards milestone goals if it is not approved or if it is disallowed during an on-site review.

5.3.3. Financial Accounting

When a local center sponsors an event, whether or not it is responsible for collecting fees, the center must track certain financial information for disclosure on Form 888. This includes:

- number of people who paid the full amount of the registration fee
- number of people who paid discounted rates
- number of people who attended free of charge
- amount of money made by the event in total to be divided into amount revenue/cost sharing by the sponsor and co-sponsor.

Any funds collected by the center from registration fees must be kept in a program income account, and centers must follow the guidelines for expenditure of these funds. If the center did not collect the fees or received only a portion of the fees, the center must indicate on Form 888 for that event, a contact name and number for each co-sponsor that received funds.

Review the 888 Training Report Manual located in the appendix. Sample evaluation Form 20 is included in appendix.

5.4. EVALUATION

Service centers should consistently monitor and evaluate the quality of speakers, facilities, agendas, and materials for training events. SBDC Directors are responsible for ensuring that these events will be of high quality and reflect the professional standards of the OSBDC Network.

5.5. MILESTONES

Milestone Targets For Use On Center IC

Counseling/Consulting

The primary goal of the Ohio SBDC Program is to provide quality, in-depth, long-term consulting. The Ohio Program categorizes clients into the following categories:

- **Pre-venture (Nascent):**
An individual who is interested
- **Start –Up:**
A business entity that has been in business from 0-12 months
- **Existing Healthy:**
A business entity that has been in business more than 12 months and has steady or increasing sales.
- **Existing Declining:**
A business entity that has been in business more than 12 months and has declining sales.

Ohio Small Business Development Center

Strategic management goals are established to drive the Ohio SBDC network toward its economic development mission to be recognized as a small business retention and growth program.

In order to maximize the economic impact, 65 percent of the center's efforts should be directed to Start-up and Existing businesses. The remaining efforts, 35 percent, should be directed toward quick engagement, education and preparedness of small business Nascents (Pre-ventures).

a. The management goals for the Program may be adjusted annually, therefore special attention should be placed on the details of the Annual Request for Proposal (RFP). For FY2013 the goals are as follows for each center:

1. Type 2: Client Category

SBDCs	35%	Nascent (Pre-venture)
	65%	Start-up and Existing Businesses

ITACs MTSBDCs	10% or less	Nascent (Pre-venture)
	90%+	Existing Businesses

2. Cost per Consulting Hour

As a general rule, the Ohio SBDC program recommends cost per counseling hour, **not to exceed \$50 per counseling hour.**

b. The State Lead Center will develop final milestone projections based on information from the annual proposals and Ohio SBDC Standards, and the goal requirements as defined by SBA.

All Consulting (Contact + Prep) hours will be reported on Center IC.

1. ITACs and MTSBDCs will record all data listed above and report any other metrics specifics to the key client based as prescribed in the annual RFP.

5.6. PROGRAM PARTICIPATION

To work effectively to strengthen and advance the network, the state lead center strives to work with local centers to balance the needs of SBA, ODSA, and local sponsors. To gain input from the local level, Center directors are required to attend all monthly Directors' conference calls and/or meetings. Center staff is highly encouraged to attend most meetings, as it is beneficial for them to meet and share ideas with other center staff.

6. CENTER STAFFING & EMPLOYMENT STANDARDS

6.1. EMPLOYMENT STANDARDS

SBDC shall be, as much as practicable, staffed by employees of the SBDC grantee or subcontractors of the grantee. The State Lead Center establishes minimum employment standards for Business Advisors and Program Directors and **MUST** provide final approval of all SBDC staff hires. The State Lead Center also exercises programmatic control of all SBDC staff activities. The grantee, as employer, retains all other authority relating to SBDC staff recruitment, selection, direction and retention.

6.1.1. Ethics

Each center employee, who in any way provides counseling to a client, must sign a Conflict of Interest Agreement. The SBDC Director is responsible for ensuring that each person operating from his/her offices follows the policies on conflict of interest

All staff and associated personnel (meaning volunteers, consultants, students, etc.) for the program are expected to conduct themselves both at work and in the community in such a manner as to reflect creditably on themselves, their host institution, and the OSBDC.

SBDCs may not make loans, service loans, or make credit decisions regarding the award of loans. Unless authorized by the SBA Administrator, an SBDC may not advocate, recommend approval or otherwise attempt in any manner to influence SBA to provide financial assistance to any of its clients.

Staff may serve on the board of directors of a non-client company, but once the business becomes a SBDC client, the staff member must resign from the board. While SBDC staff may attend meetings with clients and lenders to assist clients in preparing financial packages, staff may not in anyway take a direct role in representing a client in loan negotiations.

6.1.1.1. Conflict of Interest Policy

Each counseling resource, including director, business advisor, consultant, faculty, student or volunteer and administrative support staff who work with clients and files (AA, coordinators, etc.) must sign the proper conflict of interest form 250 or 250-A annually. All forms must be signed annually and placed on file in each service center location.

The purpose of this policy is to prevent the actions of any agent of the Ohio SBDC Network from having a conflict of interest.

1. Definitions as related to Conflict of Interest policy.

- **Conflict of Interest** - a situation, in which a private interest or gain, leads or has the potential to lead to a disregard for the needs of the SBDC or for the rights of the client.
- **Client** - a business, individual, or legal entity with which the SBDC has entered into a contract, written or verbal, to provide any or all of the SBDC available services.
- **SBDC Services** - include, but are not limited to consulting; training; research of materials for a client; referrals to other agencies;

provision of printed materials, copies, or magnetic media information; or other services that the SBDC may commonly and routinely perform for its clients.

- **Agent of the SBDC** - any person currently employed or under contract to provide direct client consulting, training or other services. This may include students, university faculty and staff, volunteers or paid consultants. A university or other agency may pay agents, but if their activity is to further SBDC objectives, they are considered agents of the SBDC.
- **Gift** - real property or tangible and intangible personal property of material value which is provided directly or in trust for the benefit of the recipient. Included in this definition are the similar terms included in the next section.
- **Consulting Activities** – (with regard to “moonlighting” or other for-profit activities outside the normal working hours and service delivery of the SBDC).

PENALTIES AND GRIEVANCES - Generally, penalties for violation of any of these policies may include, but not be limited to, reprimand, suspension of employment and/or termination from the Ohio SBDC Program and/or suspension or termination of employment. The local host and/or the State SBDC director shall make the determination as to whether a conflict of interest exists. Based upon this policy and applicable employer policies and state law.

STANDARDS OF CONDUCT - Relations with present or former clients.

Persons who serve as agents of the Ohio SBDC Network:

- Must not solicit or accept, or appear to solicit or accept, any gift, loan, reward, promise of future employment, favor or service from any current client;
- Must not solicit or accept at anytime, or give the appearance thereof, any compensation or other monetary remuneration for consulting-related services or training provided a client while acting as an agent of the SBDC, or any other SBDC related services at anytime;
- Must not recommend to a client the purchase of goods and/or services from a firm in which the agent has a material and/or financial interest;
- Must not accept fees, commissions, gifts or other favors from third parties that have supplied goods and/or services to SBDC clients;
- Must not solicit the private engagement of his or her services by the client at any time during the term of the client's relationship with the SBDC;
- Must not release information about any client's relationship with the SBDC, or any information about the business or personal matters of any client to any person or agency outside the SBDC Network without the written permission of the client;
- Must not invest monies, personal services or property in the business of current clients of the SBDC; or
- Must not propose a for-profit, external relationship prior to the end of a 90-day "cooling-off" period.

Agents of the Ohio SBDC Network will:

- Assure that the outside activity does not interfere with the full performance of the agent's SBDC activities and responsibilities;
- Notify the SBDC State Director, in writing and in advance, of the nature of the proposed activity and any potential for conflict of interest which might arise from it;
- Utilize neither the SBDC material, equipment or property nor publications, texts or other documents which were developed or prepared with SBDC funds;
- Assure that his or her SBDC position is not used to arrange, or appear to arrange, the eventual utilization of his or her service for private gains; and
- Abide by The Ohio Ethics Laws and The Ohio SBDC Policy Statement on Client Privacy that is included in the other support documents.

6.1.1.2. Conflict of Interest Policy/Association Personnel

All other consultants, volunteers, students, or others not directly employed by a participating host agency of the Ohio SBDC.

Work directly with clients in any type of counseling session, and/or have access to SBDC client information,

Must sign the volunteer Conflict of Interest form as soon as they begin a relationship with the SBDC, and again once a year. These forms should be kept on file at the local office. Policies appear below:

- While under contract to the SBDC, consultants will provide services to clients of the SBDC only as contracted agents of the SBDC and not as private and independent vendors of such services.
- Persons under contract to provide consulting services as agents of the SBDC agree that they will neither recommend the purchase of goods or services in which they represent or have an interest. Nor accept fees or commissions from third parties who have supplied or will supply goods or services to the SBDC client on the recommendation of the consultant.
- Volunteers and consultants shall not release information about any client's relationship with the Small Business Development Center, nor any information about the business or personal matters of any client to any person or agency outside the Small Business Development Centers of Ohio, the Ohio Development Service Agency or Small Business Administration without written permission of the client.
- A consultant will remain under contract as agents representing the SBDC, until the case is closed by the Director or Manager, who assigned the case to that consultant.
- The Director or Manager will contract with one or more consultants to provide services to an SBDC client as the Director or Manager deems appropriate. The Director and Manager of the SBDC may close any portion of a case serviced by an individual consultant.
- If a consultant desires to terminate a contracted relationship with a client of the SBDC as an agent of the SBDC, that intention must be stated in writing

to the Director or Manager who assigned the case to the consultant. This written statement of intent must be received and acknowledged by the Director or Manager who assigned the case before any further contact is made between the client and consultant in question.

- The Director or Manager will inform, in writing, all consultants and the client in question that a case, or any portion thereof, has been closed, including the date on which it was closed.
- For one year after a case has been closed, any subsequent or private engagement of the services of an SBDC consultant must be initiated by the client in question and not by the consultant representing the SBDC.
- In the event a SBDC client or consultant should desire to enter into a business relationship contrary to these provisions, a written request from the SBDC Director must be submitted to the SBDC State Director and the written approval by the SBDC State Director must be obtained.

6.1.1.3. Outside Employment

Consulting Activities - (with regard to "moonlighting" or other for-profit activities outside the normal working hours and service delivery of the SBDC), Agents of the Ohio SBDC will:

- Assure that the outside activity does not interfere with the full performance of the agent's SBDC activities and responsibilities;
- Notify the SBDC State Director, in writing and in advance, of the nature of the proposed activity and any potential for conflict of interest which might arise from it;
- Utilize neither the SBDC material, equipment or property nor publications, texts or other documents which were developed or prepared with SBDC funds; and/or
- Assure that his or her SBDC position is not used to arrange, or appear to arrange, the eventual utilization of his or her service for private gains.

Agreements - To assure compliance with the above standards, the agent of the SBDC agrees to:

- Provide, if requested, a statement of financial interests in any or all business entities with which the agent has such interest; and
- Sign an agreement to abide by the policies as outlined above (Form 250 and Form 250A).

6.1.1.4. Teaching

Center directors and counselors sponsored by and/or located at educational institutions are allowed to teach one small business related class, only if it is a term negotiated with the SBDC for their employment by the college/university, during business hours. Staff may not be additionally compensated for the class.

Directors and staff not located at an educational facility may not teach during business hours. Staff may teach and be compensated after business hours if the rules for outside employment above are followed.

Any teaching must be pre-approved in writing by the SBDC State Director.

6.1.1.5. Confidentiality

All information provided by a client in the course of counseling is strictly confidential. Only staff that have completed and signed a Conflict of Interest Agreement form may have access to that information. Client information may be given only to staff that have completed and signed that form, the state office, and/or the Small Business Administration.

This means that any mailings to clients must be done by the center for outside organizations, and only for purposes of needed information or supporting those small businesses - NOT for marketing or supporting one private enterprise over another. It is STRICTLY FORBIDDEN to give out or sell mailing lists with client names.

In cases where a center or its staff is approached on a legal basis to provide information about a client and/or counseling relationship, centers should refuse to divulge such information citing confidentiality agreement with the client. If the client provides written permission to release such information, the center may do so. However, if not, the center should continue to refuse to provide such information until he/she receives a court order. At that time, the center should notify the State Director, follow the court order and provide the information. The staff member should respectfully note to the court that providing this information is a violation of their confidentiality agreement as the client has not given permission for the disclosure of the information, and that they are doing so only due to court order.

6.1.1.6. Restrictions on Lobbying

In accordance with regulations outlined in 13 CFR Part 146. Restrictions on Lobbying, the SBDC through the ODSA certifies that no SBDC funds are used to pay any person for influencing or attempting to influence an officer or employee of any agency. A Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress. All centers must abide by this restriction, as there are penalties associated with not following this requirement. The State of Ohio also states that their funds may not be used for the purpose of payment to any person for influencing or attempting to influence an officer or employee of any state agency. A Member of the General Assembly, an officer or employee of the General Assembly, or any employee of a Member of the General Assembly.

6.1.1.7. Assurance of Clients/Case Management

Center directors must provide a system for ensuring the quality of counseling and service provided by any single counselor and/or combination of counselors, as well as the thorough case management of clients assisted by volunteers. Centers should ensure that all paid and volunteer personnel have the necessary knowledge, professional capacity, and commitment necessary to properly assist small business firms before they are allowed to counsel independently.

6.1.1.8. Vacation

Centers will follow the policies of their host institution regarding vacation. Center directors are expected to use reasonable judgment when scheduling vacation for them and should avoid being absent for scheduled SBDC network meetings and periods when critical reports are due.

6.1.1.9. Hiring

The SBDC network is an equal opportunity employer. The Ohio a formal hiring process defined in detail in the appendix. No center may discriminate in hiring or firing. Positions must be advertised and interviews must be handled in a fair and impartial manner. Promotion from within is the exception, however, host institution policies take precedence in hiring processes.

All local SBDC center staff is subject to the hiring practices in place, which govern employment through their sponsoring organizations. Final hiring decisions with respect to local SBDC staff however, is the responsibility of the SBDC Director. Job descriptions must be maintained on file for all positions paid for with program funds (program funds include the entire funding in which the program operates). Personnel and hiring records must be maintained as well.

6.1.2. Termination of Employment

All participating SBDC host agencies are expected to maintain a comprehensive set of written personnel policies and procedures and these procedures must be followed for the discipline or termination of any SBDC staff. Causes for the removal of a SBDC Director or staff shall include but not limited to the following:

- Disregard or material violation of the regulations, policies and rules of the SBDC and/or program host
- Conduct reflecting a lack of business integrity or honesty
- A conflict of interest causing real or perceived detriment to a small business concern, a contractor, the SBDC or SBA, or local host
- Improper use of funds
- Failure to consent to audits or examination or to maintain required records
- Failure to suspend or terminate any key employee under their supervision for the reasons described above
- Any other cause not otherwise specified which materially and adversely affects the operation or the integrity of the SBDC, the SBDC network or the local host organization.
- The host organization of the local service center will inform SBDC State Director of any Disciplinary issues with SBDC staff.

Local center directors or any other employee may also be disciplined, suspended or terminated promptly upon receipt of knowledge that such individual is engaging in or has engaged in conduct resulting in a criminal conviction or civil judgment. Such activity could cause the public to question the SBDCs business integrity, taking into consideration such factors as the magnitude, repetitiveness, harm caused, and remoteness in time of the activity or activities underlying the conviction or judgment. Incidents of suspected conflict of interest must result in

Ohio Small Business Development Center

the temporary suspension of employee involved until a judgment is made. Such cases must be reported to the State Director for involvement in final decisions.

If an employee, most particularly the center director desires to terminate his/her relationship with the SBDC, that intention must be stated in writing and received and acknowledged by the State Director. For one year after termination, any subsequent or private engagement of the services of said employee must be initiated by the client in question and not by the former SBDC employee.

6.1.3. Nepotism

It is the policy of the Ohio SBDC that a director, counselor, manager, or employee of the local SBDC will not practice nepotism. Exceptions to this must be pre-approved by the State Director. Such exceptions will only be given if relevant skill sets and acceptable professional experience are present.

6.2. CENTER STAFFING

- Each service center must be staffed by at least one full-time business advisor and a 20-hour-per-week part-time business advisor or consultant. This may include the service center director. The service center director may not work less than 25 hours per week for the SBDC. Existing center directors with 20-25 hours will be grandfathered under this area. (A full-time director is preferred.) Current service centers with only a full-time director may remain at that staffing level if they can demonstrate at least 1,200 counseling hours per year. Full-time SBDC staff is greatly preferred over multiple part-time staff.
- *All service center directors and business advisors MUST be a Certified Business Advisor. CBA® program is an innovative, eLearning certification program that certifies SBDC advisors through focused, on-line instruction at the FFY2013 Request for Proposal 16 graduate level in accounting/finance, marketing, entrepreneurial assessment and human resource management. Upon successful completion of the on-line coursework and exams, attendees receive a certificate from The University of Toledo (UT), College of Business Administration (COBA)—Graduate Programs. Graduates also receive 13.0 CEUs from the Ohio SBDC, an authorized provider of CEUs through IACET. Eligible graduates can also apply for three (3) graduate credit hours from UT.]*
- Each service center must also have a secretary/administrative assistant for at least 10 hours per week.
- Full-time SBDC staff is greatly preferred over multiple part-time staff. Therefore, each center will be rated based upon the most consulting hours listed on the Key Personnel Chart and on how few staff it takes to provide those hours. The Key Personnel Chart is part of the Budget document.
- Graduate students shall appear on the Budget if they are paid employees. All graduate student teams with time devoted to counseling and research for SBDC clients may be entered into Center IC under a team log in and counted as SBDC counseling hours. Team activities are required to be documented on a log, supported, and reviewed by a CBA.

- All counseling by *non*-CBA graduate students, volunteers, or external consultants must be supervised and reviewed by a Certified Business Advisor®.
- The State Lead Center MUST receive notification for all changes in personnel. A potential SBDC business advisor or director must meet the State established minimum qualifications, and MUST agree to participate in the state-mandated Certified Business Advisor® (CBA) process. Grant funding may be denied should the service center host fail to meet these requirements.

6.2.1. Position Qualifications

See Position Descriptions in Appendix.

6.2.1.1. Salary and Fringe Benefits

All SBDC staff shall be paid commensurate with the skills and abilities required by the position descriptions. The State Lead Center okays the right to negotiate in salary-setting activities of host agencies if:

- salary levels proposed and approved through the RFP process are not implemented;
- salary levels are not in parity with local, state and/or national norms for same or similar SBDC positions; (Salary means, averages and distributions for position salaries are kept on file in the State lead office)

6.2.2. Other Professional Staff Standards

All professional consulting staff will be qualified by reason of education and/or experience to provide high-quality services. A formal search process will be required for each professional position. All positions will be filled on an Affirmative Action/Equal Opportunity basis. In order to ensure the highest level of service to our clients, each region and funded center therein is expected to adopt the minimum qualifications and position guidelines as provided by the State Lead Center.

The minimum qualifications for the various positions are defined in the position description provided in the Appendix

All directors and business advisors *MUST* participate in counselor training and development programs when mandated by the State Lead Center. In addition, each center shall make every effort to budget for and participate in training and networking activities as provided by the America's Small Business Development Centers (ASBDC).

6.2.2.1. Fee-Paid Consultants

Each SBDC should set aside a portion of its budget for private sector consultants. They can provide services that a client or a set of clients require, but are not cost effective in which to train a standing employee.

All SBDC Directors and host agencies are cautioned, however, not to engage individuals on a counseling basis to avoid or circumvent their true status of employees. Employment of individuals engaged to provide consulting

services to the SBDC must follow rules set forth for contract employees by the Federal Internal Revenue Service.

6.2.2.2. Volunteers

Centers are encouraged to develop a cadre of qualified volunteers to supplement staff, including business firms, associations and SCORE (although SCORE volunteers cannot be used for match). Volunteers must adhere to ethics and conflict of interest signed. Center directors should provide a system for ensuring the quality of counseling and service provided by volunteers, as well as the thorough case management of clients assisted by volunteers. Centers should ensure that volunteers have the necessary knowledge, professional capacity, and commitment necessary to properly assist small business firms, when the Center Director selects them.

6.2.2.3. Host Organization Resources

ASBDC accreditation standards require SBDCs to provide a plan for the utilization of faculty, students, and other unique resources of the host or nearby educational institution. SBDCs are encouraged to include these resources as part of their service delivery plan. Where appropriate, services should be provided by faculty. Restrictions on using faculty as match are included in Section 9, Budgets and Accounts.

In non-educational host organizations, there should be a plan and documentation of the use of the unique resources available within the host organization. In addition, the plan and documentation should also include utilization of unique educational resources to assist in fulfilling the educational component of service delivery by the SBDC.

6.2.2.4. Students/Interns

Where appropriate, a reasonable share of basic service should be provided by qualified students, including both undergraduate and graduate. However, undergraduate students MAY NOT counsel SBDC clients independently. Undergraduates may be utilized to support the center, including research projects, answering the phone, data entry, and other administrative functions. Either the center director or a certified business advisor approved by the center director must be present during one-to-one counseling.

Graduate students, providing that the SBDC Director judges them capable of handling themselves in a professional manner may independently meet with clients. However, the client's primary counselor or SBDC Director must supervise students to ensure clients are receiving quality assistance.

Time spent by students in preparation for a client (e.g., research, counseling, etc.) should be entered into the Center IC as required under the Center IC Manual located in the appendix.

6.2.2.5. Student Team/Classroom Projects

Recognizing the opportunity to leverage resources by using student team or classroom projects to provide in-depth research for small business clients, the SBDC encourages centers to arrange with local institutions of higher learning. The SBDC Director is responsible for ensuring quality of service and information provided by student teams.

Student teams or classroom projects conducted by undergraduate or graduate students must be fully supervised by faculty. The work of the team must also be reviewed by the SBDC Director or the client's primary counselor to ensure quality, timely, and useful information for the client. Undergraduate student teams or project members should not meet independently with the client without supervision of a faculty member or business counselor.

Teams or classroom project time should be entered into the Center IC as required in the Center IC Manual located in the appendix. The SBDC must clearly label any match derived from faculty oversight. This can be considered in-kind match. SBDCs cannot reimburse faculty that is paid to teach a small business research course for their time spent overseeing projects. SBDC Directors may use program income to reimburse student expenses that are reasonable and directly related to the project.

6.3. CBA[®] PROFESSIONAL DEVELOPMENT

The purpose of the CBA[®] Program is to provide assurance to our clients and funding partners that all business analysts, in the small business assistance network in Ohio, have the business skills, competency and knowledge to effectively counsel, guide and inform Ohio entrepreneurs.

The Ohio SBDC Certified Business Advisor[®] program:

- Reaffirms the Business Advisor's knowledge in business basics and establishes a baseline for continuity and consistency in service delivery regardless of location
- Provides a framework for continuing professional development
- Provides skills training in specialized areas e.g. International Trade, Defense Diversification and Manufacturing Technology

All SBDC staff engaged in client counseling and training activities, and are a minimum of 20hrs per week (50% on budget), must participate in the CBA[®] certification process. Counseling and training activities not performed by a 20 hr per week or more SBDC employee must have his/her client work supervised by a CBA[®] staff person. All non-counseling and training staff may volunteer to participate based upon time and budget considerations. See the Appendix – CBA[®] Manual for complete details of this process.

6.4. TIME AND EFFORT CERTIFICATION

Time and Effort Certification must be documented and certified in accordance with applicable OMB Circulars. Formal process, documentation and certification will be reviewed by the State Lead Center. If a host organization currently utilizes an existing grant office certification, it will be reviewed for endorsement by the State Lead Center. If the host organization does not have a current process in place, the host/SBDC will follow the process, documentation and certification as prescribed by the OMB Circulars. (See Time and Effort Process in the other documents).

7. COUNSELING

7.1. CLIENT RIGHTS AND RESPONSIBILITIES

Below please find a description of SBDC client rights and responsibilities. The state office encourages that this be displayed in the lobby or included on the back of SBA

Ohio Small Business Development Center

Form 641 or other document provided to the client. SBDCs shall abide by the policies reflected in the following statements:

As a new client of a Small Business Development Center (SBDC), which is a member of the Ohio SBDC Network, we'd like to advise you of certain rights and responsibilities you have as one of our clients.

You have a right to expect:

- Prompt, courteous, and professional counseling services and to be advised if the OSBDC is unable to provide service within the period required. Be aware that due to the demand for our services, cases must often be prioritized by need and training may be recommended before counseling is provided.
- All information shared with the SBDC and any of its resources (staff, faculty, volunteers, and consultants) will be held in strictest confidence. No information provided by you will be used to the commercial or other advantage of any staff member, consultant, or other resource of the SBDC or to the advantage of any third party.
- That your client status with the SBDC will remain confidential. No public use of your name, address, or business identity will be made without your prior approval. Please note, however, that the SBDC is funded in part by the U.S. Small Business Administration and that limited information with respect to your client status is provided to the agency.

Our role is to counsel and assist small business owners and those planning to go into business. We will not make business decisions or judgments for you, though we will make recommendations and suggestions as appropriate. These will be based upon our best efforts to apply the experience and resources then available to us to your case in order to assist you in making your own business decisions.

The SBDC may charge reasonable fees for training programs, special services, and publications. Also, no recommendations will be made as to the purchase of goods or services from any individual or firm with which any SBDC staff or its resources have any financial, familial or personal interest.

The counseling services, which are provided to you, are a part of the effort of the SBDC and its sponsors to respond to the growing needs of the small business community and to positively affect the economy of Ohio. They are not intended to compete with, replace, or be a substitute for services that are available from the private sector. Clients whose needs can be fully met by private sector practitioners or firms in an affordable manner will be encouraged to use those resources.

In consideration of the SBDC furnishing you with management and technical assistance, you agree to waive all claims against the SBDC and its constituent institutions, its staff, or any other resources employed by or used concerning these services. You will also be expected to cooperate with the SBDC in its efforts to assure the quality and effectiveness of the counseling services, which it provides.

In this respect, the SBDC will ask all clients who receive counseling assistance to complete a written evaluation of the services provided. In addition, all clients will be asked to complete a brief "impact" assessment within one-year following the close of the case file. Finally, clients may receive direct inquiries from this office, the state director's office or the U.S. Small Business Administration with respect to the

services provided to you. Your response to all of these inquiries will be greatly appreciated.

We welcome you as a client and encourage you to call on us if you have any questions or comments concerning your rights and responsibilities with respect to our services. You can do so by calling your local SBDC Director or the SBDC State Director at (614) 466-2711.

7.2. COMPLAINT PROCEDURE

It is expected that every center will have a written complaint policy for handling any dis-satisfied clients. The SBDC has a responsibility to serve clients and it is our policy to ensure that service is courteous, prompt, thorough and of high-quality. Complaints handled within a local center must be thoroughly documented and kept in a file for periodic review by the state office and federal auditors, if needed.

STATE OFFICE PROCEDURES

If the state office receives a complaint, one of two procedures will be followed.

- **EASILY RESOLVED COMPLAINTS**

If the complaint is easily handled with some attention, the state office will listen to the complaint and will assure the individual that steps will be taken to resolve the matter. The staff member will then call the center serving the area where the individual is located and request that either the director or a business counselor call the individual directly. It is expected that such referrals will be handled with special attention, particularly if such referrals are from within the state or federal government. Easily resolved complaints make up nearly 90 percent of all complaints.

- **SERIOUS COMPLAINTS**

If the complaint suggests a problem of a more serious nature, the State Director or designee will first notify the SBDC local center director, and may call the individual back for further discussion. Staff may request a complete copy of the client case file and ask the center director to write a brief summary of all activity with the client. The State Director will then decide if a reasonable solution can be offered or whether the investigation will continue further. If a reasonable solution is reached, the State Director will check on the progress of that client with the SBDC Director.

If the State Director determines that more information is needed, he/she may set up a personal interview with the individual or a meeting with the client and the SBDC director. If necessary, the State Director may initiate an in-depth investigation of the SBDC in question, including reviewing all cases, personal interviews, or requesting an investigation of the Office of Inspector General, U.S. Small Business Administration. Please be aware that serious repercussions can be the result of such an investigation, including termination or suspension of employment, termination of a contract with a local center or prosecution under the law.

All activities involving a complaint activity should be thoroughly documented and kept on file at the local center location. The State Lead Center will keep a log of such complaints, and results. No action will be taken by the State Office without the full and prior knowledge of the local center Director.

7.3. INFORMATION COLLECTION

Each center must maintain center case files within the SBDC Management Information System (Center IC). Please see the appropriate appendix for further policies.

Case files must also be kept hard copy at the center in a secured area where only authorized personnel may access them. These "master client files" must be kept timely and accurately.

Each case should be kept in an individual manila folder or hanging file.

7.3.1. ARRANGEMENT OF FOLDER CONTENTS

All client files must contain, but not be limited to:

- an assessment and intake tool/format (standardized for use by that center) utilized to identify client's needs and priorities
- Supporting documentation, i.e., business plans, financial documents, marketing plans, case notes, telephone notes, etc.
- a log of all activity with this client (generally attached to the left side of the client folder)
- Client counseling evaluation form, and Impact information collected from the client, during or following, the client engagement

7.3.2. OPENING/CLOSING CASES

The closing of cases is not required. Center IC Manual provides more details.

7.3.3. ECONOMIC IMPACT

The economic impact data gathering and reporting is detailed in the Center IC Manual and requirements are specified in the SBA Annual Program Announcement. Both are located in the appendix.

When obtaining economic impact data during the year, center directors and counselors must provide client acknowledgement for all Economic Impact data.

Center directors must personally authorize counting impact reported by short-term clients. Center directors should also review impact reported for long-term clients before uploading to the state office for communication to SBA.

Since 1996, SBA requires that all SBDC programs will include milestones and actual data for the following economic impact variables: jobs created, jobs retained, loan amount, SBA loan amounts, and increased sales. The Ohio SBDC has been collecting similar variables since its inception. However, a review of economic impact policies and procedures has led the Ohio SBDC to require more clarification regarding impact, only to fulfill the terms of its contract with SBA, but also for use in maintaining current and securing new funding. Impact collected includes but not limited to:

- Capital Infusion
- Long-term Clients
- Business Starts
- Total Counseling Hours
- Total Clients

- Training Sessions
- Training Attendees
- Jobs Created
- Jobs Retained
- Sales Increase
- Contracts Awarded

7.3.4. GATHERING IMPACT AND SATISFACTION DATA

Centers are currently using a variety of methods to gather economic impact and information about customer satisfaction and client needs. However, it is required that every continuous counseling client is surveyed. Based on recommendations from several directors and counselors, the new requirements of ASBDC accreditation, and the growing need to ensure consistent quality, the following policy has been developed.

Review the Center IC Manual located in the appendix.

7.3.4.1. GATHERING ECONOMIC IMPACT DATA

Local centers are required to perform economic impact surveys. The method and tool for this process may vary from center to center. However, it is required that certain information be gathered according to economic impact tracking. Please see the previous section for more information. It is critical that impact data be “verified” by the client, in writing or verbally with documentation.

The results of these surveys, along with other incidental gathering of impact data during the year. This guarantees that impact is directly assigned to a client in an auditable process. While centers are encouraged to gather information from past year clients, this information will not be used for reporting to SBA, only for state and local purposes.

Good case managers will be well acquainted with the activity of their long-term clients. Ideally, activity should be reported within the quarter it happens. As a counselor discovers impact, they should record such impact in the appropriate reporting period. A good strategy for gathering results will incorporate both of these methods of reporting.

Accreditation standards require the SBDC to develop a state economic impact study to ensure state-based comparison capability for the network. This will be developed as the ASBDC renegotiates its contract for our national impact survey.

7.3.4.2. CLIENT SATISFACTION SURVEYS

Centers are responsible for performing their own client satisfaction surveys. The SBDC will participate in the ASBDC's national survey. This survey annually polls clients receiving more than 5 hours of assistance two years before the year of surveying. These figures are incorporated into a national result study of continuing satisfaction and long-term results. Results will be forwarded to local centers as soon as they are received from ASBDC.

In addition, local centers must use the SBDC Counselor Evaluation form (See Appendix).

7.4. MANAGEMENT INFORMATION SYSTEMS (MIS)

7.4.1. MIS Standards

Refer to the Appendix for current Center IC Manual for all details and instructions.

8. BUDGETS & ACCOUNTS

Much of the information contained in this section originates from OMB Circulars and federal law pertaining to recipients (lead center) and sub-recipients (local centers) of the SBDC grant. This summary and overview is not meant to and cannot replace a thorough review and understanding of those documents. In any case, where there is confusion or apparent conflict please contact the state office for clarification.

The State Lead Center, through ODSA, receives its Funding from SBA via a Letter of Credit system. This system provides for the SBA wiring funds to ODSA's financial institution. The State Lead Center office can only request a "draw down" of funds in the amount required to meet the estimated or actual disbursement. The state office cannot contract with host institutions to provide an SBDC site until the Notice of Award has been received guaranteeing this Letter of Credit. Federal funds are awarded to the lead center for a 12-month period. Only costs resulting from obligations within the funding period may be charged to that period. Costs incurred in a specific budget period must be charged to that period even if funds remain from the previous period. The State Lead Center office may request approval for carryover of funds from SBA; however, SBA strongly urges SBDC programs to make this a rare occurrence.

Local service centers in turn request reimbursement through the submission of invoices that report both cash and in-kind match for those funding. Payments made by the State Lead Center to host institutions are reimbursements for costs already expended by the local center. The state reserves 30 days from date of receipt to send a check or authorize an Electronic Funds Transfer (EFT) of Funds, and to request supporting documentation for any invoiced item.

Funds from a contract award should be deposited and maintained in insured accounts whenever possible. Centers and their host institutions must be able to account for the receipt, obligation and expenditure of funding given under the SBDC contract. Therefore, while they are not required to maintain a separate account nor are there eligibility requirements for depositories of those funding, organizations must be able to fully account for those funding separately.

The State Director has sole authority over amount of funds made available to local centers and any supplemental funds offered to centers. The approach to dispersion of funds has always taken into consideration a variety of factors, including activity, economic impact, service area demographics, staffing levels, and availability of matching funds. The state office will notify all centers when the opportunity for supplemental funding occurs and they are eligible to receive some or all of those funding. (A formal proposal may or may not be requested.)

If a local center is delinquent in a debt to the United States or to the State of Ohio, SBA or the state accounting system may hold payments until obligations are corrected. The

State of Ohio may also garnish payments to local centers to liquidate outstanding debt.

8.1. BUDGET

Each year, the state office requests budgets from each local center and their host for inclusion in the SBDC annual proposal. The budget details proposed expenditures for the upcoming year. The budget justification is divided into cost categories and breaks out the amount of match the center is required to provide.

ASBDC Certification Standards require the State Director to have control over the OSBDC network budget statewide. The SBA allows the state office budget flexibility in transferring funds from one category to another. Invoices will be monitored by the financial manager to assure that fund transfers do not exceed 10% of the total program budget from one category to another. SBA approval is required when those transfers exceed 10%.

Federal regulations require the SBDC network to provide dollar for dollar matching funding for the total amount of the SBA funding requested. SBDC funding from the Department of Development must also be matched dollar for dollar. Each region is required to ensure that the established/proposed amount shall be cash. This cash outlay shall not include indirect costs of any kind, in-kind contributions, or program income derived from activities supported in whole or in part with federal or match funds.

Within each region, each local center applicant shall match the SBA funds requested. ODSA general revenue funds (GRF) will be apportioned to each local center applicant in the same ratio as SBA funds are apportioned.

Direct cash match committed by the applicant organization may be included in the cash match only to the extent that these costs were committed as part of the specific direct line item costs verified by the Certifying Representative before funding.

Cash match shall be committed up-front and identified by source in the local center budget proposal. The cash account allocated to the SBDC local center as well as the entire SBDC budget, must be under the direct management of the SBDC local center Director.

Centers cannot apply match already committed or reported against the SBDC contract as part of a match share requirement for any other federal award. Centers are required to maintain written records that fully document match requirements. Appropriate cost documentation may include canceled checks, invoices, receipts or in-kind vouchers.

Costs fall into two categories: indirect and direct. This distinction is the key to determining which match category an expense falls into -- cash or in-kind. All expenses charged to the SBDC grant must be allocable by being either a direct or an indirect cost. These costs are detailed further in this section, which is a quick summary of the regulations that must be followed. However, centers are encouraged to thoroughly review the rules and regulations set forth in the 13 Code of Federal Regulations, Part 143 as applicable, the regulations set by OMB Circular A-128, Single Audit Process (unless they are a non-profit or a private institution of higher education -- OMB Circular A-133 is the applicable circular), and the OMB Circular which applies to the type of organization serving as host to the center:

All centers, except those hosted by state or local governments or Indian tribes, must abide by OMB Circular No. A-110 as a sub-recipient of federal funds.

Ohio Small Business Development Center

All universities, colleges and other institutions of higher education must abide by OMB Circular A-21, again as a sub-recipient of federal funds.

All non-profit organizations must abide by OMB Circular A-122, again as a sub-recipient of federal funds.

All state and local governments must abide by OMB Circular A-87, again as a sub-recipient of federal funds. Also, this Circular regulates the state office.

Although other "generic" circulars apply, these four are the most frequently applied. Copies of the applicable Code and OMB Circulars are located in the appendix.

8.1.1. Cash Match

8.1.1.1. Ratio of Required Match Dollars:

- The ratio of required match dollars to the allotted SBA dollars is \$1 of a region/center match to \$1 of SBA funding. The region/center match dollars may consist of ODSA funding, host local cash contributions, other local cash contributions, host in-kind contributions and other local in-kind contributions.
- ITAC host must provide a 1 to 1 local match for each grant dollar including federal and state grant dollars with a minimum of 50% cash match.
- Cash Match must equal a minimum of 50 percent of all SBA funds received by the district/center as outlined in the current Program Announcement.
- ODSA funds are considered part of the cash match requirements. For example, \$10 of ODSA funds can be added to \$40 of local host cash funds equaling \$50 of cash match for \$100 of SBA funds received to the region.
- Selected service centers may be required to provide more cash match than the minimum based on the needs of the area and the availability of area funds. (See Allotted SBA & ODSA Funding Chart.)
- Within each district, each center (lead and subcenter) must contribute cash match for SBA funds.
- THERE IS NO CAP ON THE AMOUNT OF CASH MATCH AN SBDC PROGRAM CAN DEVELOP/OBTAIN WITHIN THEIR LOCAL COMMUNITY! STRONG GROWING SBDC PROGRAMS NEED TO CONTINUE TO OBTAIN ADDITIONAL LOCAL SUPPORT.

What Cash Match Includes

Cash match is the dollars spent for the *sole express benefit of SBDC*. Cash match must tie to delivery of core SBDC services. Quality cash match is buying new capacity or new services, which would not have been incurred otherwise. (A lease agreement entered into for *the express purpose of SBDC occupancy is an eligible expense for cash match. Rental space occupied **by the host and for the host** is **not** eligible for cash match).*

Examples of What Cash Match **Does Not Include:**

- indirect costs of any kind;
- in-kind contributions;

Ohio Small Business Development Center

- program income or fees collected from recipients of assistance;
- program income derived from activities supported in whole or in part with federal or match funds;
- funds contributed from other federal sources (except Community development Block Grants); or
- amounts committed by the applicant organization for unidentified and/or contingent costs in the budget proposal.
- Any cash that is not at the sole discretion of the Director of the center.

Cash Match Certification

- The local cash contribution to the SBDC/ITAC program must be supported by a signed Cash Match Certification Statement (see 08 Forms Booklet).
- Cash match must be committed upfront and identified by source and amount. Each Center (lead and subcenter) must submit a signed Cash Match Certificate.
- **Under no circumstances will a consortium proposal be funded without the region match commitment being made and certified.**

8.1.2. In-direct Costs

In-direct costs includes those costs which:

- indirectly facilitate program delivery, and,
- are incurred for common or joint objectives and therefore cannot be assigned readily and specifically to a particular sponsored project.

See OMB Circular A-87, A-21. Non-profits should determine allocation of indirect costs by using one of four methods described in OMB Circular A-122. Indirect cost categories may consist of institution depreciation and use allowance, operation and maintenance, general administration and general expenses, departmental administration, sponsored projects administration, and the library. Generally, institutions of higher education develop an indirect cost recovery rate that includes these expenditures.

8.1.3. Direct Costs

Direct costs includes those costs which:

- directly facilitate program delivery as opposed to overhead costs, and,
- can be directly assigned to the SBDC program relatively easily and with a high degree of accuracy.

Identification with the SBDC rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of sponsored agreements like the SBDC grant. 80% of the funds received by a host institution as part of the SBDC grant agreement must be allocated to direct costs of program delivery.

Typical costs charged directly to a sponsored agreement are:

- the compensation of employees for performance of work under the grant agreement, including related fringe benefit costs
- the costs of materials consumed or expended in the performance of the work
- other items of expense incurred for the SBDC program, including extraordinary utility consumption.

The cost of materials supplied from stock or services rendered by other institutional service operations may be included as direct costs, provided that these items are consistently treated by the organization as direct rather than indirect costs, are charged under a recognized method of computing actual costs, and conform to generally accepted cost accounting practices.

8.1.3.1. In-Kind Match

Refer to the Request for Proposal for additional standards for In-Kind Match.

Added 02/25/2009:

PROFESSIONAL CONTRIBUTIONS

Formal documentation of in-kind professional contributions to the local SBDC program shall include a signed statement defining the time spent on prior preparation, travel, as well as actual training time in the classroom. This will constitute a sound and reasonable approach to the documentation requirement for in-kind training contributions of professional business persons.

8.1.4. SPECIAL REGULATIONS FOR MATCH BY CATEGORY

Listed below are several different items that could be claimed as in-kind match. There are specific rules that apply to these categories. They have been drawn from OMB Circulars and the Code of Federal Regulations however, it is strongly recommended that SBDCs thoroughly study the OMB Circular and chapters of the CFR applicable to their center.

8.2. RESTRICTED EXPENDITURES AND/OR UNALLOWABLE COSTS

Federal and state funds may not be used to purchase equipment unless authorized by the State Director. Equipment purchased with such funds is the property of the program and may be used and placed at the State Director's discretion.

Contracts for functions such as equipment, space, consultants, and other services may not be awarded to parties debarred or suspended from participation in federally funded assistance programs.

Unallowable costs are detailed in OMB Circulars.

8.3. ALLOWABLE COSTS

Allowable costs, including directly associated costs, should be segregated and accounted for by the center/host institution separately. In the course of a review, if any cost is deemed unallowable, the center/host institution will be responsible for repaying all such costs either with acceptable, uncommitted, allowable overmatch or with cash. All allowable costs are detailed in OMB Circulars.

8.3.1.1. General

Compensation for personnel services covers all amounts, paid currently or accrued, for services rendered during the period of performance under the grant agreement. This includes, but is not necessarily limited to, wages, salaries, and supplementary compensation and benefits.

The costs of such compensation are allowable to the extent that total compensation for individual employees:

- is reasonable for the services rendered;
- follows an appointment made in accordance with state, local or Indian tribal government laws and rules and which meets Federal merit system or other requirements where applicable or conforms to the established policies of the institution, consistently applied; and,
- is determined and supported as provided in b. Payroll and Distribution of Time, below, so that charges for work performed directly on sponsored agreements and for other work allocable as indirect costs are determined and supported.

Compensation for employees engaged in federally-assisted activities will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the host. Charges to the SBDC may include reasonable amounts for activities contributing and intimately related to work under the grant agreement, such as counseling clients, attending meetings and conferences, delivering special lectures about specific aspects of the ongoing SBDC activity, etc.

8.3.1.2. Payroll and Distribution of Time

Amounts charged to grant programs for personnel services, regardless of whether treated as direct or indirect costs, will be based on payrolls documented and provided in accordance with generally accepted practice of the State or a system of monitored workload or a system of personnel activity reports.

Payrolls must be supported by time and attendance or equivalent record for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective will be supported by appropriate time distribution records. The method used should produce an equitable distribution of time and effort. Please read the applicable OMB Circular for more details.

8.3.1.3. Examples

Compensation for personnel services includes, but is not limited to:

- Salaries
- Wages
- Director and executive committee member fees
- Cost of living differentials
- Allowances for off-site pay
- Hardship pay
- Incentive awards

- Fringe benefits
- Pension plan costs
- Location allowances

Compensation to members of nonprofit organizations, trustees, directors, associates, officers, or their immediate families must be reasonable for the actual personal services rendered rather than a distribution of earnings in excess of costs.

8.3.2. Labor Relations Costs

Cost incurred in maintaining satisfactory relations between the institution and its employees, including costs of labor management committees, employee publications, and other related activities, are allowable.

8.3.3. Plant Security Costs

Necessary expenses incurred to comply with security requirements, including wages, uniforms and equipment of personnel engaged in plant protection, are allowable if they are systematically distributed with other building maintenance costs.

8.3.4. Public Information Services Costs

Public information service costs include the costs associated with pamphlets, news releases and other forms of information services. Such costs are normally incurred to:

- inform or instruct individuals, groups or the general public;
- interest individuals or groups in participating in a service program of the organization;
- disseminate the results of sponsored and non-sponsored activities.

Public information service costs are allowable as direct costs if they are related to the performance of work by the center under the grant agreement. Such costs are unallowable as indirect costs.

8.3.5. Depreciation and Use Allowances

8.3.5.1. Sources

Depreciation and use allowances are means of allocating the cost of fixed assets, such as buildings, capital improvements, and equipment, to periods benefiting from asset use. Compensation for the use of fixed assets on hand may be made through depreciation or use allowances, providing the assets are used and needed by the SBDC activities, and properly allocable to the SBDC program.

However, a combination of depreciation and use allowances may not be used in connection with a single class of fixed assets. No depreciation or use charge may be allowed on assets that would be considered as fully depreciated. However, a reasonable use allowance may be negotiated for any such assets, after taking into consideration the following:

- The amount of depreciation previously charged to the government;
- The estimated useful life remaining at the time of negotiation;
- The effect of any increased maintenance charges or decreased efficiency due to age; and,
- any other factors pertinent to the utilization of the facility or item for the purpose contemplated.

Depreciation or a use allowance on idle or excess facilities is not allowable, except when specifically authorized by the SBA.

8.3.5.2. Computation

The computation of depreciation or use allowance will be based on acquisition cost. Where actual cost records have been maintained, a reasonable estimate of the original acquisition cost may be used. The value of an asset donated by a third party shall be its fair market value at the time of donation.

The computation will exclude the cost or any portion of the cost of The cost of land; and, Buildings and equipment donated or borne directly or indirectly by the Federal Government through charges to Federal grant programs or otherwise, irrespective of where title was originally vested or where it presently resides.

Instead of depreciation, a use allowance for buildings and improvements may be computed at an annual rate not exceeding two percent (2%) of acquisition cost. The use allowance for equipment (excluding items properly capitalized as building cost) will be computed at an annual rate not exceeding six and two-thirds percent (6 2/3%) of acquisition cost of usable equipment.

8.3.5.3. Records

Charges for use allowances or depreciation must be supported by adequate property records. Physical inventories must be taken at least once every two years to ensure that assets exist, are needed, and are in use. Statistical sampling approaches are acceptable. When the depreciation method is followed, however, depreciation records indicating the amount of depreciation taken each period must also be consistently maintained.

8.3.6. Disbursing

The cost of disbursing grant program funding by the Treasurer or other designated officer is allowable. Disbursing services cover the processing of checks or warrants, from preparation to redemption, including the necessary records of accountability and reconciliation of such records with related cash accounts.

8.3.7. Employee Fringe Benefits

Costs identified below are allowable to the extent that total compensation for employees is reasonable as defined. Costs associated with insurance where the organization is named as beneficiary are unallowable.

8.3.7.1. Leave Compensation

Employee benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, court leave, military leave and the like, are allowable if they are:

- provided under established written leave policies;
- relative to the amount of time or effort actually devoted by the employee to the SBDC program; and,
- the cost is equitably allocated to all related activities, including Federal grant programs.

8.3.7.2. Employer Contributions

Employee benefits in the form of employers' contribution or expenses for social security, employee health, life, unemployment and workmen's compensation insurance, tuition or remission of tuition, severance pay, sabbatical leave, pension plans, and the like, are allowable if they are:

- granted under established written policies; and,
- relative to the amount of time or effort actually devoted by the employee to the SBDC program; and,
- distributed equitably to grant programs and to other activities.

Centers/hosts should ensure that they are following all regulations by thoroughly reviewing the applicable OMB Circular.

8.3.8. Employee Morale, Health & Welfare Costs

The costs of health or first-aid clinics and/or infirmaries, recreational facilities, employee counseling services, employee information publications, and any related expenses incurred in accordance with general state, local, or institution policy for the improvement of working conditions, employer-employee relations, and employee morale and performance, are allowable. Income generated from any of these activities will be offset against expenses, unless such funds have been already set aside for employee welfare organizations.

8.3.9. Exhibits

Costs of exhibits relating specifically to the grant programs are allowable.

8.3.10. Maintenance and Repair

Costs incurred for necessary maintenance, repair or upkeep of property, which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable.

8.3.11. Materials and Supplies

The cost of materials, supplies, and fabricated parts necessary to carry out the grant programs is allowable. Purchases made specifically for the grant program should be charged at their actual prices after deducting all cash discounts, trade discounts, rebates and allowances received by the grantee. Withdrawals from general stores or stockrooms should be charged at cost under any recognized method of pricing consistently applied. Incoming transportation charges are a proper part of material cost.

Direct material cost should include only the materials and supplies actually used for the performance of the SBDC grant and due credit should be given for any excess materials retained by the institution or returned to vendors. Where government donated or furnished material is used in performing the SBDC grant, such material will be used without charge.

8.3.12. Memberships, Subscriptions and Conferences

8.3.12.1. Memberships

The cost of membership in business, technical, and professional organizations is allowable, provided:

- the benefit from the membership is related to the grant program;
- the expenditure is for agency membership; and,
- the expenditure is not for membership in an organization that devotes a substantial part of its activities to influencing legislation.

8.3.12.2. Reference Material

The cost of books and subscriptions to civic, business, professional and technical periodicals is allowable when related to the grant program.

8.3.12.3. Meetings and Conferences

Costs are allowable when the primary purpose of the meeting is the dissemination of technical information relating to the grant program, and they are consistent with regular practices followed for other activities of the grantee. This includes costs of meals, transportation, rental of facilities and other items incidental to such meetings.

8.3.13. Motor Pools

The costs of a service organization, which provides automobiles to grantee users at a mileage or fixed rate and/or provides vehicle maintenance, inspection, and repair services are allowable.

8.3.14. Payroll

The costs of preparing payrolls and maintaining necessary related wage records are allowable.

8.3.15. Personnel

Costs for the recruitment, examination, certification, administration, classification, training, establishment of pay standards, and related activities for grant program personnel are allowable.

8.3.16. *Printing and Reproduction*

Costs for printing and reproduction services necessary for performance of work in the grant agreement, including but not limited to forms, reports, manuals, and information literature are allowable. Publication costs of reports or other media relating to grant program accomplishments or results are allowable when provided for in the grant agreement.

8.3.17. *Procurement Service*

The cost of procurement service, including solicitation of bids, preparation and award of contracts, and all phases of contract administration in providing goods, facilities and service for grant programs is allowable.

8.3.18. *Taxes*

In general, taxes or payment instead of taxes, which the institution is legally required to pay on behalf of, or relating to the SBDC grant and/or the performance of the work in the grant agreement are allowable. Any refund of taxes, interest, or penalties and any payment of the institution of interest thereon, attributable to taxes, interest or penalties which were allowed as costs, will be credited or paid, as appropriate, to the Government.

8.3.19. *Training and Education*

The cost of in-service training customarily provided for employee development directly or indirectly benefiting grant programs is allowable. Out-of-service training involving extended periods is allowable only when specifically authorized by the SBA.

8.3.20. *Transportation*

Costs incurred for freight, cartage, express, postage and other transportation costs relating either to goods purchased, delivered, or moved from one location to another are allowable, when such costs can readily be identified with the SBDC grant.

8.3.20.1. *Travel*

Travel costs are allowable for expenses for transportation, lodging, subsistence, and related items incurred by employees who are in traveling on official SBDC business. Travel reimbursement mirrors the guidelines of the State of Ohio. See the Appendix for the most current. Such costs may be charged on an actual basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of two, provided the method used:

- is applied to an entire trip and not to selected days of the trip; and,
- results in charges consistent with those normally allowed by the institution's policies in its regular operation.

The difference in cost between first class air accommodations and less than first class air accommodations is unallowable, except when less than first class air accommodations are not reasonably available to meet necessary mission requirements. Exceptions include those accommodations which:

- require circuitous routing;
- require travel during unreasonable hours;
- result in additional costs which would offset the transportation savings;
- greatly increase the duration of the flight; or,
- offer accommodations that are not reasonably adequate for the medical needs of the traveler.

Costs of personnel movements of a special or mass nature are allowable only when authorized or approved in writing by SBA. Foreign travel must first be pre-approved by the SBA through the state director.

Unbudgeted out-of-state travel or travel over and above the budgeted amount must also be pre-approved by the SBA through the state director. Written requests submitted to the state director for unbudgeted out of state travel should include destination, nature of trip, and benefits to be derived. Travel should not be undertaken until approval is received from the state office. Centers may acquire standing approval if their service areas are on state borders requiring some daily probability of out-of-state travel.

8.3.21. Equipment and Other Capital Expenditures

Due to detailed information that differs according to entity type, centers should review the OMB Circular applicable to their center for information regarding allowable costs for equipment and other capital expenditures.

8.4. BUDGET JUSTIFICATION

Well-constructed budgets observe the following principles. Each project and activity is clearly defined. Items of cost in support of a project or activity are clearly defined. The supporting budget narrative clearly explains the composition of each item of cost so that the basis of each cost item is clearly disclosed.

8.4.1. Cost Allocation Guidelines

Each cost item must fall into one of the following categories:

Personnel

Salary of sub-centers employees, student salaries, and other compensation for services.

Fringe Benefits

Employee benefits related to personnel service costs, if such benefits are granted in accordance with established host institution policies. Parking costs are unallowable unless in travel status or unless written grantee policy provides such costs for non-SBDC personnel as well.

Travel

All travel and per diem costs of SBDC personnel.

All out of state travel not specifically listed in the current year budget at the state office must be pre-approved by the SBA through the State Director. Written requests submitted to the State Director for out-of-state travel plans should explain destination, nature of trip, and benefits to be derived. Travel should not

be undertaken until approval is received. Centers may acquire standing approval if their service areas are on state borders requiring some daily probability of out-of-state travel.

Equipment

Purchase, lease, repair/maintenance and use/depreciation costs for all articles of non-expendable tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more

Please note that local centers may not use state or federal cash to purchase equipment without written approval from State Director or his/her designee.

Supplies

Cost of consumable goods used in the operation of the program, such as office and computer supplies, and other items under the dollar threshold for equipment.

Contractual

All SBDC costs if not allocated directly throughout the budgeted line items; all contractual costs other than those for equipment, consultants, and space (examples include computing, accounting, and audit services).

Consultant

All consultant-related ((non-employee) costs including costs for consultant contracts and travel (primarily used for training, counseling and special projects).

Other

All necessary, justifiable and allowable costs not included elsewhere; miscellaneous and contingency costs are not allowable so all costs in this line item must be described (examples include printing, copying, postage, space, utilities, dues, subscriptions, library resource materials and staff recruitment).

All proposed costs require justification and narrative explanation. OMB Circulars A-87, A-133 and A-21 provide additional guidance.

8.4.2. Budget Justification Form

The budget justification form should show only match you wish to commit to the program, while meeting match requirements.

8.4.3. Supplemental Funds

Occasionally, local centers may be requested to submit proposals to the state office for usage of supplemental funds. The SBA has added these funds to the annual grant. Supplemental funds may be added to the base grant, meaning they become a part of the base budget, or they may be a one-time grant only.

When requested to submit a proposal, centers should fill out two budget justification forms: one for the project proposed listing only supplemental funds and match; the other is a total budget readjustment, showing the center's entire funding including supplemental and match. Centers will be required to contract for the additional funding. Funding must be used in the manner proposed or may be required to be refunded to the state office. Most often, the state office will distribute a timeline for funding process, application format, and guidelines for use of funds.

8.5. ACCOUNTS

Host organizations sponsoring SBDCs must establish financial management systems and internal controls which provide for:

- effective control over SBDC financial activities; and,
- the accountability for all funds, property, and other assets ensuring their use solely for authorized purposes.

The Standards for Financial Management Systems are found in OMB Circulars A-128 and A - I 10, or 12 CFR part 143.

Local centers shall maintain a separate accounting and record of all expenditures attributable to the management, operation and conduct of the local center. Local centers shall also maintain a separate accounting and records of local or state match funds, program income, and any other fiscal matters relating to the Center budget. Detailed records must facilitate an audit that traces program expenditures by source and use of funds.

Financial records shall adequately identify the source and use of funds and provide for the comparison of actual expenditures to budgeted amounts by line item.

8.5.1. Invoices

SBDC will reimburse SBDC service centers/grantees on a quarterly basis, based on submission of quarterly invoices detailing actual expenditures and with such supporting documents such as General Ledger, payroll journals, travel expense receipts, and invoices paid from any of the budget categories, as required by the State Lead Center, ODSA and SBA. If consulting fees or other donations are used as part of a match requirement, documentation must be included with each invoice to verify that in-kind match was donated. This must be included at the end of each quarter where the activity occurred. All requests for reimbursement must be for the current program year. If the SBDC service center is unable to provide the necessary support documents or proper documentation for in-kind, the reimbursement will be denied.

Annual Invoices/Reports

A year-end narrative summary of activities and economic impact statistics shall be submitted 30 days following the end of the federal fiscal year. (The fourth quarter invoice acts as the final year-end reconciliation for the financial components of the grant; but the 4th quarter invoice does not take the place of the year-end annual report.

Semi-annual Reports

Electronic copies are due according to the Due Dates schedule released annually. Each SBDC must use an SBDC program code as assigned by the State Lead Office through SBA.

Failure to meet reporting deadlines may result in the reduction or termination of future SBDC funding, and will be taken into consideration in the proposal evaluation process. Invoice for reimbursement may be held until all counseling activities are reported.

8.5.2. Program Income

All non-federal revenues earned by SBDC recipients or sub-recipients using any SBDC resources are considered program income. SBDC resources include: funds under the control of the SBDC; in-kind-match personnel; and goods or services purchased or developed using SBDC funds and program income.

Examples of program income:

- Income earned by providing training to another SBDC or other entities using an SBDC developed product is program income. This income does not accrue to the person providing the training even if it is provided on his/her own time;
- Income earned from trade shows;
- Income earned from the sale of books, brochures, etc.;
- Income earned from the sale of advertising space in magazines (i.e. Small Business Week Magazine)
- Income earned from the performance of research work;
- Income earned from the analysis of financial statements;
- Income earned from training including cosponsored events;
- Income earned by the director (whose time is devoted 100%) as a result of talks, lectures, etc.;
- Interest earned from program income;
- Income earned from a grant; and
- Grants that require specific deliverables.

Examples of what program income is not:

- Donations received by the director or local center director not derived from an SBDC activity
- Fees collected by other organizations outside the SBDC network through co-sponsorship arrangements;
- Other federal funds (direct and pass through); and
- Interest earned on advances

How to record program income:

Program income must be recorded and maintained in an account or accounts separate from the SBDC operating accounts. There must be controls in place to ensure that all program income and related disbursement are accounted for properly.

The following control procedures should be implemented by the each center:

- Identify each sources of program income;
- Report sources and uses of program income;
- Identify all accounts containing program income;

The SBA Project Officer is required to monitor program income.

How Program Income is to be used:

Program income, including any interest earned on Program Income, must be used to expand the quantity or quality of services, resources or outreach

provided by the SBDC network. It cannot be used to satisfy the requirement for matching funds.

How Program Income is to be carried-forward:

SBDCs must expend any program income, which exceeds 25 percent of the SBDC's total budget (SBA Federal funds and matching funds) by year-end. Any remaining program income may be carried over to subsequent budget periods to be utilized to further program objectives. SBDC Program recipients are responsible for establishing a separately identifiable program income account to facilitate financial reporting. All program income must be reported on SBA Form 2113 (Program Income Report). The SBDC will include as an attachment to the SF-269 the SBA Form 2113 and a narrative description of how program income was used to further eligible program objectives.

8.5.2.1. Program Income Accounts

All program income must be kept in a separate account. This account must have the name of the center and the words "program income account" on all materials, including checks.

8.5.2.2. Program Income Report

All expenditures and sources of program income must be itemized in a quarterly report for review by the OSBDC Management Staff.

8.5.2.3. Allowable Expenditures

Program income must be spent to enhance the purposes of the SBDC program. Examples of appropriate expenditures include equipment or additional workshops not included in the budget or program of work. Program income may be used to finance the share of the program not funded under the grant agreement, however currently it cannot be claimed as match against the contract amount.

Research is not an allowable expenditure unless it has direct benefit to the state and/or local small business community served by that SBDC. Research activities are not to be considered a primary focus of SBDC operations and should be undertaken only when a specific need exists within the small business community. SBDC Directors are responsible for ensuring that research projects fall within the scope of the Ohio SBDC mission.

Since program income may be carried over indefinitely, it may be accumulated until a worthy expenditure is determined.

8.6. PROPERTY STANDARDS

The state office and local centers are required to observe standards governing management and disposition of property furnished by the federal government through costs charged to the SBDC grant. This would include if the purchase of equipment were used as a form of match. The center may use its own property management standards and procedures provided it observes the provisions stated below as 1-8.

8.6.1. Equipment Title

The title of equipment acquired by a center with federal funds shall vest in ODSA or its successor agency as the lead recipient of the SBDC grant. However, no center may purchase equipment with federal funds without prior written approval by the State Director (via the annual work plan proposal). The title of all equipment purchased with state, local, or match funds will vest with the host institution or organization.

8.6.2. Insurance Coverage

Centers should, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired with the SBDC contract award that is provided to property owned without restriction by the center/host institution.

8.6.2.1. Real Property

Title to real property shall vest in the recipient (ODSA), if purchased with federal or state funds. Once that property is deemed no longer needed for the purpose of the SBDC program, ODSA may either retain the title while compensating SBA, sell the property under direction of SBA with the proceeds returning to the federal government, or transfer the title to the federal government or eligible third party, with ODSA being entitled to compensation.

8.6.3. Equipment

Equipment must be used by the host institution/state in the SBDC program for which it was acquired as long as there is a need, whether or not the program exceeding \$5,000 in total aggregate value upon termination or completion of Equipment can be made available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the equipment was acquired. The first priority for such other use shall be given to activities sponsored by SBA, and second to activities sponsored by other federal awarding agencies. Use on other activities not sponsored by the federal government shall be permissible if authorized by the state office or SBA. User charges should be treated as program income.

8.6.4. Replacement Equipment

When acquiring replacement equipment, the host institution/state may use the equipment to be replaced as trade-in, or sell the equipment and use the proceeds to offset the costs of replacement equipment. Host institutions and the state will abide by regulations governing the replacement and/or disposition of equipment in OMB Circulars A-1 10 and A-1 02.

8.6.5. Supplies

Title to supplies and other expendable property shall vest in the local center/host upon acquisition. If there is a residual inventory of unused supplies the project or program and the supplies are not needed for any other federally sponsored program, the center may retain the supplies for use on other activities or sell them, but shall, in either case compensate the state or the federal government

for their share. The amount of compensation should be computed in the same manner as for equipment.

Supplies acquired with federal or state funds shall not be used to provide services to non-federal outside organizations for a fee that is less than private sector charge for equivalent services.

8.6.6. Intangible Property

The local host institution may copyright any work that is subject to copyright and was developed, or for which ownership was purchased, under a grant award. Centers and their hosts are subject to applicable regulations governing patents.

SBA and the State of Ohio reserve a royalty-free, nonexclusive and irrevocable right to:

- obtain, reproduce, publish or otherwise use the data first produced under a grant award; or,
- authorize others to receive, reproduce, publish or otherwise use such data for their purposes.

Title to intangible property acquired under the SBDC award vests upon acquisition in the center/host. The center/host shall use that property for its originally authorized purpose, and the center/host shall not encumber the property without approval of the state office and SBA.

8.6.7. Property Trust Relationship

Real property, equipment, and intangible property acquired or improved with federal funds shall be held in trust by the recipient as trustee for the beneficiaries of the SBDC program. SBA may require organizations to record liens or other appropriate notice of record to indicate that personal or real property has been acquired or improved with federal funds and that use and disposition conditions apply to the property.

8.7. PROCUREMENT STANDARDS

To ensure that materials and service are obtained in compliance with the provisions of applicable federal and state statutes and executive orders, these standards are set forth for use by recipients and sub-recipients of federal funds for the procurement of supplies and other expendable property.

The standards contained in this section do not relieve the center/host institution of the responsibilities arising under its contract(s). The center/host institution is responsible, in accordance with good administrative practice and sound business judgment, for the settlement and satisfaction of all contractual and administrative issues arising out of procurements entered into in support of the SBDC award or other agreement. This includes disputes, claims, protests, source evaluation and other contractual matters.

The center/host shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection, award or

Ohio Small Business Development Center

administration of a contract supported by federal or state funds, if a real or perceived conflict of interest would be involved. Such a conflict would arise when:

- The employee, officer, or agent,
- Any member of his immediate family,
- His or her partner, or,
- An organization, which employs, or is about to employ any of the above, has a financial or other interest in the firm selected for award.

All procurement transactions should be conducted in a manner to provide to the maximum extent practical, open and free competition. The center/host shall be alert to organizational conflicts of interest, as well as noncompetitive practices among contractors that may restrict or eliminate competition or restrain trade in any way.

In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, and invitations for bids and/or requests for proposals shall be excluded from competing for that contract. Awards shall be made to the bidder or offer or whose bid competing for that contract. Awards shall be made to the bidder or offer or whose bid or offer is responsive to the solicitation and is most advantageous to the center/host, price, quality and other factors considered. Solicitations shall clearly set forth all requirements that the bidder or offer or shall fulfill in order for the bid or offer to be evaluated by the center/host. All bids or offers may be rejected when it is in the center/host's interest to do so.

All centers/hosts shall establish written procurement procedures. These procedures shall provide for at a minimum:

- Avoidance of purchasing unnecessary items.
- Where appropriate an analysis made of lease and purchase alternatives to determine which would be most economical and practical procurement.
- Solicitations for goods and services provide for all of the following:
 - A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features that unduly restrict competition.
 - Requirements which the bidder/offer or must fulfill and all other factors to be used in evaluating bids or proposals.
 - A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
 - The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitation.
 - Preference to the extent practicable and economically feasible for products and services that conserve natural resources and protect environment and are energy efficient.

Positive efforts shall be made by center/hosts to use small businesses, minority-owned firms and women's business enterprises, whenever possible. Contracts shall be made only with responsible contractors who possess the potential ability to

perform successfully under the terms and conditions of the proposed procurement. Considerations shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. In certain circumstances, contract with certain parties are debarred and suspended from acquiring contracts by SBA.

8.8. AUDITS

The Ohio SBDC program falls under OMB Circular A-133: Audits of state and local Governments and Non-Profit Organizations. All local centers also fall beneath these regulations as sub-grantees receiving federal awards from a pass-through entity to carry out a federal program. The SBDC network and therefore the local SBDC must ensure that the following audit requirements and other requirements further explained in OMB circulars, federal regulations, and the SBDC Operations Guide are met. See Appendix.

Although state auditors may not specifically review the SBDC program on an annual basis due to sampling practices of the State of Ohio's Auditor of State's Office or the Department of Development, host institutions must still submit audits regarding their institutions. These SBDCs are still subject to review or audit by appropriate officials of the federal agency, pass-through entity, and the General Accounting Office (GAO).

8.8.1. Minimum Audit Requirements

- The audits shall be made at least biennially for each program year wherein the state or the local centers received federal funds. The audit may be a part of a total audit of a host institution.
- An "independent auditor" must perform the audit. This is a state or local government auditor or a public accountant who meets the independence standards. Small audit firms and/or audit firms owned and controlled by socially and economically disadvantaged individuals should be used to the fullest possible extent.
- The audit shall be made in accordance with generally accepted government auditing standards covering financial and compliance audits.

The auditor shall determine whether:

- the financial statement of the department fairly presents its financial position and the results of its financial operations in accordance with generally accepted accounting- principals;
- the organization has internal accounting and other controls systems to provide reasonable assurance that it is managing federal funds in compliance with applicable laws;
- that the organization has complied with laws and regulations that may have material effect on its financial statements and on each major federally funded program;
- The organization has complied with laws and regulations that may have an effect on major federally funded program.

Ohio Small Business Development Center

- Internal control systems used in administering federally funded programs are functioning in accordance with prescribed procedures.

The auditor will examine lead center/recipient's system for monitoring local centers/sub-recipients and obtaining and acting on sub-recipient audit reports.

With regard to sub-recipients, the state office is required to determine whether the sub-recipients have met the audit requirements in Circular A-133 and, if they are covered by Circular A-110: Uniform requirement to universities, hospitals and other non-profit organizations, whether they have met those requirements.

The state office must also determine whether the sub-recipient spent federal funds provided in accordance with applicable laws and regulations. To accomplish this, the state office will review an audit of the sub-recipient or their host institution made in accordance with Circular A-133. In addition, the state office will conduct an annual on-site review of each sub-recipient.

If the auditor of a local center/sub-recipient becomes aware of illegal acts or other irregularities, prompt notice should be given to the state office and/or management officials above the level of involvement. Illegal acts or other irregularities shall in turn be communicated to SBA. These acts include such matters as conflicts of interest, falsification of records or reports, and misappropriations of funds or other assets. The state must ensure that appropriate corrective action is taken within six months after receipt of the audit report in instances of noncompliance.

Local centers must submit 2 copies of their audit report to the state office within thirty days of completion, but no later than one year after the end of the audit period. It is understood that in the case of some universities serving as host institution, the SBDC may not be a part of the audit sampling of federal programs for the current year, as long as the SBDC program is audited in the three-year cycle. The institution's audit of its entire operation must still be submitted to the state office for review whether direct reference to the SBDC is made or not. If there are adverse findings, the local center and/or the host institution may be requested to submit a response in writing by the state office.

Audit work-papers and report shall be retained for a minimum of three years from the date of the issuance of the auditor's report to the auditee, unless SBA notifies the organization in writing to extend the retention period.

The costs of audits made in accordance with the provisions of Circular A-133 are allowable charges to the SBDC grant. The charges may be considered a direct cost or an allocated indirect cost. The percentage of costs charged to the SBDC program for a single audit of an entire host institution shall not exceed the percentage derived by dividing federal funds expended by total funds expended by the host institution during the fiscal year. The percentage may be exceeded only if appropriate documentation demonstrates higher actual cost.

Be aware that if the audit is not made in accordance with Circular A-133 it cannot be charged to the SBDC grant.

8.9. RECORDKEEPING

8.9.1. Financial Management Systems

The record keeping process should include standards required under the following:

- Paper Reduction Act (44 U.S.C. ss3501)
- Privacy Act (5 U.S.C. ss 552)
- Freedom of Information Act (5 U.S.C. ss 552)

Local center financial management systems should provide for the following:

- Accurate, current, and complete disclosure of the financial results of the SBDC program.
- Records that adequately identify the source and application of funds for SBDC activities. These records shall contain information pertaining to OSBDC awarded funds, authorizations, obligations, unobligated balances, assets, outlays, income and interest.
- Effective control over and accountability for all funds, property and other assets. Recipients should adequately safeguard all such assets and assure they are used solely for SBDC purposes.
- Comparison of outlays with budget amounts for each contract amount. Whenever appropriate, financial information should be related to performance and unit cost data.
- Accounting records including cost accounting records supported by source documentation.
- Written procedures for determining the reasonableness, allocability and allow ability of costs in accordance with the provisions of the applicable federal cost principles.

8.9.2. Match

The following requirements pertain to the center's supporting records for in-kind contributions from third parties:

- Volunteer services shall be documented and, to the extent feasible, supported by the same methods used by the center for its own employees.
- The basis for determining the valuation for personal service, material, equipment, buildings and land shall be documented.

8.9.3. Invoice Formats

Centers submit budgets each year for which they are expected to follow. At the end of the year, totals in columns should reasonably reflect budgeted amounts. See Appendix.

8.9.4. Equipment Inventory

For all equipment acquired with federal funds, records should be maintained accurately and include the following information:

Ohio Small Business Development Center

- a description of the equipment
- manufacturer's serial number, model number, federal stock number, national stock number, or other identification number
- source of the equipment, including the award number
- whether the title vests in the center, ODSA or federal government
- acquisition date (or date received , if the equipment was furnished by the federal government) and cost
- information from which one can calculate the percentage of federal or state participation in the cost of the equipment
- location and condition of the equipment and the date the information was reported
- unit acquisition cost
- ultimate disposition data

A physical inventory of equipment will be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. Centers should, in connection with the inventory, verify the existence, current utilization and continued need for the equipment.

Adequate maintenance procedures should be implemented to keep the equipment in good condition. Centers should execute a control system to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage or theft of equipment must be investigated and fully documented.

8.9.5. Procurement Records

Procurement records and files for purchases in excess of \$2,000 shall include the following at a minimum: basis for contractor selection, justification for lack of competition when competitive bids or offers are not obtained, and basis for award cost or price. Centers should obtain at minimum three bids on a product or service when the contract is more than \$2,000.

Some form of cost or price analysis should be made and documented in the procurement files in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices, and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allow ability. SBA reserves the right to request all procurement documentation if the procurement does not meet certain standards. Contracts for over \$25,000 must be pre-approved for solicitation by the state Lead center and SBA.

A system for contract administration should be maintained to ensure contractor conformance with the terms, conditions and specification of the contract and to

Ohio Small Business Development Center

ensure adequate and timely follow up of all purchases. Recipients shall evaluate that contractors have met the terms, conditions and specifications of the contract.

All contracts should include, in addition to provisions to define a sound and complete agreement, the following provisions. The following provisions also apply to subcontracts:

- Contracts in excess of \$5,000 should contain contractual provisions or conditions that allow for administrative, contractual or legal remedies in instances in which a contractor violates or breaches the contract terms and provide for such remedial actions as may be necessary.
- All contracts in excess of \$5,000 shall contain suitable provisions for termination by the center/host, including the manner by which termination shall be executed and basis for settlement. In addition, such contracts should describe conditions under which the contract may be terminated for default, as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.
- For all contracts over \$100,000, contact the state office for regulations applying to the provisions of these contracts.
- All negotiated contracts (except for those less than \$5,000) awarded by the center/host shall include a provision to the effect that the center/host, the State of Ohio, the SBA, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers and records of the contractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts and transcriptions.
- All contracts, including small purchases, awarded by center/hosts shall include Appendix A of OMB Circular A-110, including the Equal Employment Opportunity, Copeland "Anti-Kickback" Act, Davis-Bacon Act, Contract Work Hours and Safety Standards Act, the Clean Air Act, the Byrd Anti-Lobbying Amendment and others.

9. PROPOSALS AND REPORTS

9.1. PROPOSALS

The state office drafts and submits all proposals for funding for the network as the recipient and lead authority for the SBDC program.

9.1.1. Proposal for Continuation: The Annual Work Plan

The Proposal for Continuation of Funding is submitted to the U.S. Small Business Administration based upon instructions outlined in the Program Announcement sent out each spring. All local SBDCs are asked to submit budgets for the next calendar year based upon assumed level of funding provided by SBA. Centers also submit their milestones for the next year. These items, among others, are compiled into a finished proposal first reviewed with the SBA Project Officer, then submitted to the Office of Small Business Development Centers at SBA in Washington, D.C.

This document is approved, edited, or adjusted. When SBA returns a Cooperative Agreement (or Notice of Award), the proposal becomes the legal requirements of the contract between ODSA and SBA.

9.1.2. Proposal for Supplemental Funds

Occasionally, SBA will inform certain states that they would like a proposal for a set amount of supplemental funds. These funds will either be added to the base contract amount employed by the Proposal for Continuation or are one-time funds. The state office will notify all centers when the opportunity for supplemental funding occurs and they are eligible to receive all or some of those funds. The state office may or may not request a formal proposal from eligible SBDCs. Centers will be required to submit adjusted budgets denoting additional matching funds for supplemental funding.

9.1.3. Grant Proposals

Local centers will be made aware of additional sources of funding, including other grants applicable to the mission of the program. Where reasonable and appropriate, the state office may serve as the proposal coordinator for such opportunities.

Centers are encouraged to locate and pursue other forms of funding besides SBA and the state. The state office will assist in any way possible. Projects proposed for the purposes of acquiring new funding must relate to the SBDC mission and preferably within the program scope if the SBDC is the applying entity.

9.1.3.1. Other Federal Grants

Before application for other federal grants for the SBDC, the SBDC Director shall prepare a letter requesting concurrence addressed to the SBDC State Director. The State Director, in turn, will forward the letter to the Associate Administrator for Small Business Development Centers, U.S. Small Business Administration, for approval.

9.2. REPORTS

9.2.1. Report Descriptions

The sections below offer brief descriptions to assist with preparation of required reports. The Appendix features forms and formats as required by the SBA Annual Program Announcement.

9.2.1.1. Quarterly Performance Reports

The Quarterly Performance report should highlight center achievements for the quarter and follow the guidelines as specified in the SBA Annual Program Announcement. See Appendix.

9.2.1.2. Annual Report

The Annual Report is like the Quarterly Report, but features data for the entire calendar year. The outline for the Annual Report is the same as the Quarterly Report, following guidelines of the SBA Program Announcement.

9.2.1.3. Program Income Report

The Program Income Report must include the following information. Centers must provide detailed listing of expenditures and sources of income for review by State Director. Please read the section on Program Income for policies regarding these accounts. See Appendix for required format.

10. APPENDIX

10.1. SPECIALIZED MATERIALS

10.1.1. Financial Manager's Manual

Refer to the eLibrary for the most up-to-date forms.

10.1.2. Ohio SBDC Host Personnel Manual

Refer to the eLibrary for the most up-to-date forms.

10.1.3. Directors Orientation Manual

Refer to the eLibrary for the most up-to-date forms.

10.1.4. Business Advisor's Orientation Manual

Refer to the eLibrary for the most up-to-date forms.

10.1.5. Program Income Manual

Refer to the eLibrary for the most up-to-date forms.

10.1.6. 888 Training Report Manual

Refer to the eLibrary for the most up-to-date forms.

10.2. LEAD CENTER DOCUMENTS

- Current Org Chart
- Current Ohiosbdc7
- Ohio SBDC Network Map
- Ohio SBDC Partnership Diagram

10.3. FEDERAL REGULATIONS - SBDC PROGRAM

- *Public Law 96-302 - the Small Business Development Center Act, which established the national SBDC Program in 1980*
- *The SBA/SBDC Annual Program Announcement*
http://www.sba.gov/idc/groups/public/documents/sba_program_office/sbdc_program_announcement_2009.pdf

- **2 CFR Part 220 “Cost Principles for Educational Institutions.” (OMB Circular A-21)**
- **2 CFR Part 215, “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.” (OMB Circular A-110)**
- **2 CFR Part 230, “Cost Principles for Non-Profit Organizations.” (OMB Circular A-122)**
- **2 CFR Part 225, “Audits of State, Local, and Indian Tribal Governments” (OMB Circular A-87)**
- **13 CFR Part 143 “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments” (OMB Circular A-102)**
- **29 CFR part 99, “Audits of States, Local Governments, and Non-Profit Organizations.” (OMB Circular A-133)**

Current versions of OMB Circulars are available from the Office of Management and Budget’s website. The address is:
www.whitehouse.gov/WH/EOP/OMB/html/circular.html.

10.4. ASBDC ACCREDITATION STANDARDS

[INSERT LINK TO CURRENT VERSION OF ACCREDITATION STANDARDS](#)

10.5. ASBDC OTHER DOCUMENTS

From the website: www.asbdc-us.org

10.6. FORMS

10.6.1. Counseling Files: Form & Format

10.6.1.1. 641 – Request Form

10.6.2. Training Files: Forms & Format

10.6.3. Conflict of Interest Statement

10.6.3.1. Form 250

10.6.3.2. Form 250A

10.6.4. Position Descriptions

10.6.4.1. SBDC

10.6.4.2. ITAC

10.6.4.3. MTSBDC

10.6.4.4. Business Advisor

10.6.5. Counseling Evaluation Questionnaire

Refer to the eLibrary – <https://www.ohiosbdc.com/lib/login.asp>
for the most up-to-date forms.

10.7. CBA (CERTIFIED BUSINESS ADVISOR®) TRAINING GUIDE

Refer to <http://www.sbdccba.com/>

10.8. 888 TRAINING REPORT MANUAL

Refer to the eLibrary –
<https://clients.ohiosbdc.ohio.gov/>
for the most up-to-date forms.

**10.9. MANAGEMENT INFORMATION SYSTEM (MIS) CENTER IC
MANUAL**

Refer to the eLibrary –
<https://www.ohiosbdc.com/lib/login.asp>
for the most up-to-date forms.

10.10. REPORTS

Refer to the eLibrary –
<https://www.ohiosbdc.com/lib/login.asp>
for the most up-to-date forms.

10.11. DEFINITION OF TERMS

Use the SBA Annual Program Announcement as the guidelines to cover this area.

- A. District Lead Center:** A service center that develops the consortium and submits the regional proposal, acts as fiscal agent for the region and serves in a leadership capability to direct the SBDC activities of the Region.
- B. Service Center:** It could be either a sub-grantee in the consortium or the region lead center, which provides a full range of services and is staffed 8 hours per day.
- C. Satellite Center:** A sub-grantee that provides limited services and/or is not open a full 8 hours per day.
- D. Circuit Rider:** An employee of a service center that provides counseling at various sites on a regular schedule.
- E. Client:** The client is the business, if it exists. In the case of a prospective business, the client is the individual (i.e., nascent entrepreneur) receiving SBDC services. Each client will be counted only once in a fiscal year, and the reporting to will include both the number of sessions and the number of hours spent with the client.
- F. Counseling:** Services provided to an individual and/or business that is substantive in nature and requires assistance from a resource partner or district office personnel in the formation, management, financing, and/or operation of a small business enterprise AND is for no less than one half-hour initially and includes any counseling session thereafter regardless of time. Counseling is one-on-one, in person, on the telephone or electronically and is specific to the client's individual needs and requires a signed SBA Form 641 or equivalent form that supports SBA's management information database. To allow for reporting of time invested in a client, preparatory time will be tracked separately from counseling time but attributed toward counseling time in data reporting. Travel time will not count toward counseling time but will be tracked separately.
- G. Counseling Session:** A counseling session must be at least 30 minutes in length in order to be reported. However, it is not the intent of this definition to encourage a time limitation of 30 minutes, but rather to create standardization across all SBA ED programs. The SBA recognizes the quality and impact of SBDC counseling achieved through long-term relationships with clients and corresponding in-depth counseling. Further, the SBA acknowledges that SBDC counseling typically is measured in hours, not minutes, and the proven historical SBDC client economic

impact statistics are principally a result of the significant investment in client counseling.

- H. **Disaster Recover Assistance:** SBDCs individually, and in cooperation with SBA and other Federal Agencies as well as State and local entities will provide disaster revoke assistance to support impacted small businesses in the local economies.
- I. **Distance Learning:** Distance learning is the process of connecting learners with remote and multiple resources. Such learning uses communication technologies to stimulate continuous and lifelong learning. The technologies used include video, audio, computer, satellite, audio-graphic and print technologies.
- J. **Electronic Commerce (eCommerce):** Electronic refers to all aspects of business and market processes enabled by the internet and other digital technologies.
- K. **Environmental Assistance:** Any assistance that encourages, supports and enable small businesses to develop, market, and/or adopt environmental technologies (including pollution prevention) to achieve economic growth and environmental compliance. SBDCs are encouraged to consult with appropriate state and/or local providers of environmental technical assistance programs.
- L. **Goals and Initiatives:** Goals are those established by the SBA Administrator in response to the Government Performance and Results Act (PGRA), and cover several years or those negotiated between the SBA District Office and the SBDC. SBDCs also have goals with their local funding partners. Initiatives are shorter-term issues of interest or may include populations designated by SBA for special emphasis.
- M. **In Business:** A business entity that has been in business for any period of time. A subcategory is start-up business.
- N. **Information Transfer:** Information transfers are contacts with individuals of a substantive nature that cannot be considered counseling or training because they do not meet the minimum time requirement of 30 minutes. Recipients must report information transfers using SBA Form 2226. Elements that should be reported on the SBA Form 2226 include the following: phone calls; information packets disseminated; newsletters; website visitors requesting information; clients using onsite library materials; and clients attending presentations that do not qualify as training events.

- O. Loan Package:** A collection of documents required by a lender that is used to make a business loan approval decision. It usually includes a business plan plus personal financial records such as tax returns and net worth statements. It stipulates the amount of money needed, use of proceeds, and evidence that the business can repay the loans on time. It usually includes personal (not business) guarantees of repayment and a listing of collateral – business or personal assets that can be taken or sold by the lender to pay back the loan in case the business defaults on repayment.
- P Nascent Entrepreneur (Pre-Venture):** An individual who has taken one or more active steps to form a business. An individual who seeks assistance from SBA and/or one of its resource partners meets this definition. SBA's Office of Entrepreneurial Development (OED) includes nascent entrepreneur as one of its three major market segments: nascent entrepreneur, start-up (individuals who have been in business up to 6 months), and, existing businesses, (businesses in operation more than six months and classified as small by the SBA).
- Q. Non-Debt Financing:** Non-debt financing includes all financing obtained by clients as a result of SBDC assistance (except loans), such as: grants, SBIR awards, equity investments, licensing fees, and government contracts.
- R. On-Line Counseling:** On-line counseling must conform to the same quality standards as person-to-person counseling. (See definition of counseling above.) As such, on-line (or e-mail) counseling must be substantive in nature and require assistance from an SBDC in the formation, management, financing, and/or operation of a small business enterprise. It must be 30 minutes in length to qualify as a session. The recipient of the counseling must acknowledge, through an SBA Form 641 or an SBA approved "electronic substitute," the requirements imposed by accepting counseling assistance from the SBA or its resource partner.
- S. On-Line training:** On-line training or a webinar must last 30 minutes or more and must conform to the same quality standards as person-to-person training. (See definition of training below.) Such an activity may include a self-taught online training event or an interactive on-line course. Online training requires client registration, must be sponsored by the SBDC, and be delivered through the SBDC's website. Every attempt must be made to collect information from the individual that is collected on the SBA Form 888. If the on-line training is less than 30 minutes it will be counted as an information transfer. Participation shall be measured by registered "visits" (as opposed to "hits") at a specified website. There must be an evaluation and every attempt should be made to have the participant complete the information.

- T. Person-to-Person Counseling (Face-to-Face):** This is the 30 minute initial person-to-person session with the client on an individual basis. Subsequent sessions must be substantive in nature and should be tracked.
- U. Pre-Business Workshop:** A training program designed for individuals interested in owning and managing a small business or small business owners who have been in operation for a year or less. The purpose is to provide a comprehensive introduction to the fundamentals of starting and managing a small business.
- V. Program Income:** Gross income earned by the recipient that is directly generated by an activity supported with project funds or earned as a result of the award. Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under Federally-funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds. Interest earned on advances of federal funds is not program income.
- W. Recipient Organization:** In the SBDC program, the term "recipient" includes any SBDC service center or other participating entity that receives Federal funding through the Cooperative Agreement with SBA.
- X. SBDC NETWORK/SBDC PROGRAM:** The Ohio SBDC network or the Ohio SBDC program is the combination of the state lead center, region and service centers, and satellite or circuit rider locations.
- Y. SBA Resource Partners:** SBA resource partners are organizations that provide services through SBA funding or through another recognized relationship with SBA. Resource partners include SBDCs and Service Corps of Retired Executives (SCORE). SBA provides additional services through Business Information Centers (BICs), Tribal Business Information Centers (TBICs), Women's Business Centers (WBCs), U. S. Export Assistance Centers (USEACs).
- Z. Special Emphasis Groups:** The special emphasis groups are underrepresented in the population of business owners compared to their representation in the overall population. This can vary from SBDC to SBDC, depending upon the location and demographics of the SBDC. Special emphasis groups may include: disabled individuals, Native Americans or Alaska Natives, Black or African Americans, Asian Americans, Native Hawaiians or other Pacific Islanders, Hispanics, women, veterans, service-connected disabled veterans, individuals in rural areas, individuals in HUB Zones, and individuals in low to moderate

income urban and rural areas as determined by the Census Bureau Information.

AA. Start-Up Business: A business entity that has been in business from zero to six months.

BB. Training: An SBDC training workshop or seminar is defined as an activity or event in which a counselor from a resource partner, or a third party actively delivers a structured program of knowledge, information or experience on a business-related subject. There must be one or more attendees. A training course must last a total of an hour or more to be counted as training. Training courses lasting less than one hour are to be counted and reported as information transfers. Courses with multiple sessions count as one course. An agenda, attendee list, and evaluation must be kept in the file. The SBDC must use SBA Form 888 to document and report SBDC training activities. SBA's management information system collects both the number of sessions and hours for the course. When training is provided by multiple sponsors they must equitably divide the attendees so as to eliminate multiple counting. In situations where there are breakout sessions given individually by resource partners, each resource partner can count the respective breakout session attendees with the requirement that there is a sign-in sheet, an evaluation, and an SBA Form 888 prepared.

CC. Travel and Prep Time: To allow for reporting of time invested in a client, preparatory time will be tracked separately from counseling time but attributed toward counseling time in data reporting. Travel time will not count toward counseling time but will be tracked separately.

NOTE: Complete definitions are provided in the SBA/SBDC Program Announcement annually.

10.12. CURRENT REQUEST FOR PROPOSAL (RFP)

Refer to the eLibrary for the most up-to-date forms.

10.13. SBA POLICY DIRECTIVES

Refer to the eLibrary for the most up-to-date forms.

10.14. OHIO TRAVEL POLICY

Refer to the OBM link <http://www.obm.ohio.gov/mppr/travel.asp>

10.15. HOST ACCOUNTING DIRECTIVES

Attach the appropriate Host Directives for this appendix.

10.16. FIXED ASSET INVENTORY LIST

10.17. CLOSING CENTER PLAN

Refer to the eLibrary for the most up-to-date forms.